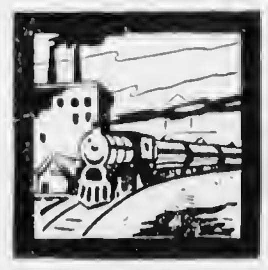
GOVERNMENT MAY TAKE PIPE LINES

The Oil World.

An Independent Weekly — *Devoted to Oil Industry*



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Review of Year in The Oil Industry

How Excess Taxes Affect Oil Producers

Highest Prices For Crude New Fields Developed Kentucky a Favorite

By JO. P. CAPPEAU SONS.

The year 1917 has seen the highest prices ever paid for crude in the Western and Southwestern fields and the highest price in the Eastern fields since the industry was of any size. It has seen the largest consumption ever witnessed in the history of the oil industry, and notwithstanding the high prices for crude, the production has not increased sufficiently to catch up with the consumption, as in years past. This in spite of the fact that the largest number of wells ever completed in a single year were completed in 1917, covering a larger area of country, and will not come within 25,000,000 barrels or more of supplying the demand. Does it mean that the United States has reached or nearly reached its producing limit as to quantity in production of crude oil? As the number of producing wells increases, old production declines, and necessitates the drilling of an additional number of wells each year, to simply overcome the natural shrinkage alone, without increasing the total output, and with normal conditions crude prices would have been higher in 1917 than they have been, and will undoubtedly advance in 1918, as the laws of supply and demand invariably prevail.

New Fields for Development.

The year 1917 witnessed the entrance of Wyoming as a real oil-producing State, with the bulk of production good grade, paraffine base oil, high in gasoline content. Wyoming increased its potential production from 20,000 barrels to an estimate of 50,000 barrels daily, but owing to its geographical position it cannot be utilized to its fullest extent, and while its most optimistic friends talk 100,000 barrels daily, the State will need pipe-line connections with the East before its crude can be fully utilized. There are a number of producing sands and it is probably the most promising territory for increasing production in the United States today, but with the present prices of material the pipe lines will be delayed as long as possible, while a daily production of 40,000 barrels would swamp the present railroad facilities in the Mid-Continent field. Kansas could increase its present production, but owing to lack of water, pipe-line facilities and scarcity of material, its production will not come so fast that it will not be absorbed. Oklahoma production, as the trend goes west and southwest, becomes so deep and expensive that it will not be drilled quickly, and the shallower pools have shown flashy and are not noted for staying qualities. The Osage Reservation probably offers the most attractive place for the wildcatter of moderate capital. The State will furnish many new pools and some new sands, but with the chances against finding another Gleen or Cushing pool.

Texas, outside of the Gulf Coast fields, is proving attractive to the wildcat element and several spots promise to develop into limited pools of light oil in West-Central Texas. Along the Gulf Coast, anything that can be found that will show structure or a dome will be drilled and new pools may be expected, but judging from the past, while they may produce large wells, they will be flashy and short-lived at the high point.

California has, to a large extent, lost the wildcatter and promoter, who have moved eastward to fields that are cheaper to test and have not been exploited to a great extent. This will mitigate against California increasing its present production to a great extent, as this development will be done by the large companies, and it is past history that new fields are opened by the tenderfoot or men with limited means, while large capital gets cold feet quickly in the wildcat game and prefers to buy the developed or partially developed property, which offers a more sure return.

Illinois, Ohio and Eastern fields developed nothing during 1917 that promises much production. Western Indiana and Eastern Illinois furnished several small but paying pools, but they did not overcome the decline. In West Virginia, the Cabin Creek field was the largest discovery, promising about 5,000 barrels, while in Pennsylvania a pool in Green County of rather uncertain nature is still under development.

Kentucky and Mexico.

Kentucky has been the favorite Eastern State on account of its shallow sands and low cost. The Irvine pool, in Estill County, and its extensions in Powell and Lee Counties, have been the cause of new work starting in both the eastern and western parts of the State, and at several points there have been reported favorable showings which have not as yet stood the test of the gauge pole. While it looks as if Kentucky would increase its present production, it does not promise to produce in sufficient quantities to affect the price.

Mexico during the year completed a number of large wells which, in a few cases, added additional producing possibilities. However, it has been shown that the Mexican producing formations are very irregular and light wells can be found within one or two locations of gushers. At the present time Mexico is a bear on our crude prices, as

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President Tells Congress Investors Must Be Protected

It is necessary that values of railroad securities should be just and fairly protected, and that large financial operations every year necessary in connection with maintenance, operation, and development of roads should, during the war, be wisely related to financial operation of the Government. If railroad revenues are not sufficient, he asks Congress to grant money to meet the guarantee.

The Secretary of the Treasury will advise with Congress with regard to his practical aspect of the matter. I am sure that I am speaking the mind of all thoughtful Americans when I say it is our duty as representative of the Nation to do everything that is necessary to do to secure complete mobolization of the whole resources of America by as rapid and effective means as can be found.

Congress, said the President, must protect small investors and guarantee against any financing which would interfere with war financing of the Nation, the President asks no guarantee for immediate financing of operations at this time.

He said that holders of railway stocks and bonds should receive from the Government an adequate guarantee that their properties will be maintained in as good repair as at present and that several roads will receive under Federal management such compensation as is equitable and just to owners and the public.

Government Control of The Oil Field is Not Expected

WASHINGTON, D. C.—Rumors pointing to Government control of the oil fields, which probably would be extended with little delay to the entire petroleum industry, have been gaining ground here fast during the last few days. President Wilson's action on the railroads leaves no room to suppose he would hesitate to take such a step, should it appear to him desirable, and there are many reasons for believing that any recommendation which he might call for on this point from Dr. H. A. Garfield, the Federal Fuel administrator, would be definitely in favor of Government control.

When he appeared before the Senate Coal Investigation committee here early in the week, Dr. Garfield stated in so many words that he was working toward Government control of the coal mines, which he believed to be inveitable if war continued. He said that he would have it put into effect as soon as he took office, had he not feared that too sudden a change would interfere with current needs for coal. He declared, however, that he had already warned the coal men that he might announce at any time that contracts had been lifted and that all coal was Government coal. He added, in response to an inquiry from a member of the committee regarding fuel conditions, that he did not feel his present powers were sufficiently comprehensive, and he might have to ask for an extension of those powers.

It is understood that reports reaching Dr. Garfield recently have seemed to indicate that supplies of crude are not coming forward from the fields as fast as they might. The prevailing high prices have not in all instances brought out the crude production that had been anticipated, and it is hinted that while the production is there, crude is being held for still higher prices. These reports are being investigated, and the belief is general here that if anything like profiteering and hoarding of crude is brought to light, Government control of production, with Government fixing of crude prices, will be put in force without delay. Indeed, it is said the formation of a new department for the particular control of the oil industry under Dr. Garfield is already receiving definite consideration.

LATE NEWS ITEMS.

Dun's review and reports 15,855 failures in the United States during 1917. This is some improvement over the preceding year.

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Gossiping pool channels that new pool of considerable strength has been formed in U. S. Steel, and that it has been taking stock sold out lately. Equipment stocks are more in favor than any other as far as outside operators are concerned. Baldwin Locomotive is selected as the best speculating proposition.

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Considerable interest has been displayed this week in the Ship Building stock and are reported well bought by strong people.

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English papers are carrying as head line, that Germany is going to make better peace terms inside of two months.

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Efforts of McAdoo to move coal freely is responsible for the buying of coalers recently.

Excess Profits Bill Unfair To Small Producer "Invested Capital"

(By RICE & LYONS, Tulsa, Okla.)

The United States declared war in April, 1917, and the House Ways and Mean Committee at once addressed itself to the framing of the war revenue bill. The bill passed on October 1 and was approved by the President on October 3, 1917, effective October 4, 1917. Congress devoted practically six months to this bill, and in spite of that protracted consideration, the bill as passed is indefinitely worded in certain sections, and lawyers and accountants experienced in tax matters cannot tell how, in some very important respects, it will apply.

At the commencement of the consideration of a war revenue bill it is believed that Congress intended at this time to levy a tax on war profits. The idea of a war profit tax was taken, of course, from England, but the British idea was not followed out.

The Ways and Means Committee of the House of Representatives proposed to tax all earnings above 8 per cent. on the capital invested, without any regard as to whether the earnings were increased or decreased by the war. When the bill reached the Senate, that body's Finance Committee at once rejected the unsound basis. It said that the tax ought to be levied on war profits. The Senate committee went back to the British idea of a tax on war profits. In that phase the matter was debated in the Senate. The last of August the Senate Finance Committee abandoned its intention of taxing war profits and went back to the House idea of taxing all profits of every concern above a certain fixed rate on capital actually invested. When the bill finally passed in October, it contained the House idea of taxing all profits, irrespective of whether they were due to war or not.

The bill has been criticised very severely by practically all of the smaller industries in the United States, without, however, disclosing at this time a distinct discriminaton against any one business. We, who are interested in the oil business, however, feel that on account of the hazardous nature of the oil business, the practical application of the bill and regulations applied thereto by the Treasury office, result in discrimination against this business.

The principal objection to the fairness of the act as to the oil business arises from the fact that no particular construction is given in the act to the term "invested capital," when used as a basis for ascertaining the tax to be levied on the oil business.

However, as we understand the construction of the bill at this time and the regulations that have been issued thereunder, the question of "invested capital" is not so important to the oil companies having a large issue of capital stock as to smaller producers and individuals; in fact, it appears that many of the larger industries in the United States, owing to their large issue of capital stock, will pay less in proportion to their assets and income than the smaller companies which do not have a large issue of capital stock.

To the individual or small corporation engaged in the oil business, the question of "invested capital" is indeed a most serious matter. The principal point made by the individual and the smaller corporation engaged in this business is that the venture which results to them in large earnings for the year 1917 is frequently based upon a nominal investment. In other words, on January 1, 1917, in many cases the operator had a very small invested capital in his venture, and if this venture was successful his profits are subject to tax without the deduction which a larger invested capital would permit.

Many illustrations of the effect of this law have been offered by the operators, and we have no doubt that in many cases the tax will take 50 per cent of the earnings of the operator, while a different definition in the act of the words "invested capital" would have reduced this tax to the same proportion that the large companies will pay. It is urged that if "invested capital" in the oil business was described in the act to mean the value of the investment as of a given date, that the tax then would be more fair and equitable to this business. In the case of the smaller corporation or individual starting in business with an investment of a few thousand dollars, and (where the venture is successful) bringing in several hundred thousand dollars, the "invested capital" is nominal; but the value of the enterprise is the amount of capital invested plus the earning capacity of the venture at a given time. If such value instead of actual "invested capital" were accepted as a basis, the venture would pay more nearly its proportion of the tax.

Unfamiliar to Legislators.

The oil industry is one with which the legislators of the United States are not familiar. The industry is confined to a few States and to segregated districts in those States. The business was begun in the United States about 1856 in Pennsylvania. The men who started the development of the Pennsylvania oil fields have continued that work in the various States in which oil has been discovered. The personnel of the oil men of the United States has not increased rapidly; the names of the old operators of Pennsylvania, West Virginia

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WAR AND OIL

(By John Warren, Editor Petroleum Age)

Some years ago, John D. Rockefeller stated that the business of producing oil was hazardous, and he spoke the truth. Few, however, who consider the oil industry marketwise recognize that the production of oil is only one of the four major operations of the business, which covers the producing, transporting, refining and marketing of crude oil and petroleum products.

The fact remains that investors are still inclined to regard the petroleum industry as speculative and commentators on oil securities, who have grown quite numerous in latter days, are prone to accentuate this.

Most emphatically a large majority of producing oil companies, whose stocks are now being offered to the public, are highly speculative enterprises. On the other hand, the petroleum industry as a whole in its present stage of development is no more hazardous than our other great basic industries and the securities of those companies which combine the four major operations and which have won an established place, offer not only attractive investment returns but splendid possibilities for enhancement as a result of an inevitable expansion.

Birth of the Business.

The petroleum business, hardly more than half a century old, already has undergone two periods of basic development and now waits only on the conclusion of the war and the adoption of liquid fuel in marine transportation, to enter upon the third and greatest phase of its development.

Petroleum or rock oil, as distinguished from vegetable and animal oils, has been known for centuries, but the commercial development of its use dates back only to 1857, when Edward L. Drake drilled a well for oil after the manner in which he had been accustomed to drill for water and brought in a flowing oil well of the gusher type near Titusville, Pa. From his crude experiment were developed the modern methods of well drilling resulting in an ever increasing supply of crude oil and a development of the use of petroleum until it has become an indispensable factor in modern industry.

The development of the industry over a period of thirty-six years is illusrated in Table 1.

Table 1—Growth of Industry.

Year	Production (Barrels, 42 Gal.)	Refinery Consumption (Barrels, 42 Gal.)
1880	26,286,123	17,417,455
1889	35,163,513	30,662,629
1904	117,080,960	66,982,862
1909	183,170,874	120,775,139
1914	265,762,535	191,262,724
1916	300,767,158	*206,076,266

*Figures for 1916 are from a November, 1917, report of The Bureau of Mines

Those who regard the industry as essentially hazardous fail to realize how petroleum is crowding out coal, supplanting steam and rivaling electricity as a medium of motive power; how every wheel that turns in the workshops of the world is lubricated with petroleum; how dependent upon its use are all mechanical arts; how essential is its employment in every form of transportation, on the surface, in the air, under water, and finally how its uses inevitably must continue to expand with the growth of industry and its handmaiden, transportation.

In the period since the war, the refining end of the industry shows a growth of 55 per cent., compared with a growth of 58 per cent. in the previous five years and a growth of about 48 per cent. in the five years 1904-1909.

War Not Responsible for Growth.

While this would seem to indicate that the war is responsible for the recent abnormal growth and prosperity of the industry, the facts are to the contrary. Up to the close of 1917, war conditions have influenced the industry only to the extent that general prosperity and increased industrial activity reflect favorably upon business in general. The direct cause of the steady growth of the oil business since 1909 and its abnormal expansion since 1915 has been the remarkable increase in the use of automobiles and internal combustion engines. This fact was developed by a searching Government inquiry into the oil business as a result of a congressional furore over the steady rise of gasolene prices throughout 1915 and 1916. Following months of investigation, the Federal Trade Commission reached the conclusion that the advances in gasolene prices were the result of economic conditions and summed up the result of its investigation as follows:

"The demand for gasolene as measured by consumption has increased and was about 38 per cent. higher in 1915 than in 1914. The supply did not increase in proportion, the quantity of gasolene and naphtha manufactured in 1915, being 31 per cent. greater than in 1914. The difference between production and sales was covered by decreases in stocks of gasolene. As a result the general level of prices in 1915 was necessarily and naturally somewhat higher than in 1914."

To prove the correctness of its deductions, the Federal Trade Commission presented Table 2, compiled from reports of 270 companies.

How direct has been the bearing of this ever increasing distribution of gasolene-consuming horsepower upon the petroleum industry is shown by Table 3, indicating the growth of the automobile industry and the resultant expansion in the production and refining of petroleum.

Gasolene requirements are not limited to use in automobiles as large quantities are used in stationary engines, motor boats, farm tractors, aeroplanes and in various industries. Varnish makers and painters and wood scourers consume large quantities of high grade naphthas and the dry cleaning establishments of the country require 100,000,000 gallons annually.

Table 2—Engine Production.

	1913		1915		% of H.P. Incr.
	No. Sold	Tot. H.P.	No. Sold	Tot. H.P.	over 1913
Autos. and Motor Trucks	318,000	7,561,000	725,000	17,263,000	65%
Tractors	2,000	76,000	7,000	200,000	161
Stationary & Port. Engines	113,000	1,213,000	215,000	2,931,000	233
Power Boats	128,000	2,427,000	110,000	2,129,000	15
Total	263,000	11,279,00	1,058,000	22,524,000	62

It is apparent, therefore, that the rapid growth in the use of the internal combustion engine has been the overshadowing cause of recent expansion of oil.

Adjustment to New Conditions.

This brings up for consideration the adaptability of the industry to adjust itself to new conditions. In the process of refining, which is nothing more than a distillation of the crude oil, the yield of gasolene will run from 10 to 25 per cent. according to the gravity of the crude, while the yield of kerosene will average 30 per cent. from oils of all gravity. In the period when kerosene was the basic product of the industry and gasolene a despised by-product, it was customary to cut down the gasolene yield and squeeze as much kerosene as possible from the raw material. When electricity and gas began crowding out the use of kerosene as an illuminant, the industry was faced with a serion problem. Then along came the automobile and suddenly gasolene supplanted kerosene as the staple product. But another difficulty arose. Under ordinary refining methods a barrel of crude oil will yield nearly two gallons of kerosene to each gallon of gasolene, while the consumptive demand is just the other way about. To meet this situation, refining methods were shifted quickly and so successfully that while the refinery output of gasolene increased 40 per cent. between 1914 and 1916, th output of kerosene was decreased 32 per cent. This result is largely due to the introduction of "cracking" processes, whereby the yield of motor fuel has been raised to approximately 40 per cent. of the raw material.

One of the immediate difficulties which confront the industry as a result of the world-wide demand for motor fuel, is its supply of raw material. Our consumption of crude oil in 1916 was 316,702 barrels a day greater than our daily consumption in 1919. In June, July and August of 1917 our conspmption maintained a daily average above 1,000,000 barrels for the first time in the history of the industry. Preliminary figures for the month of October indicate that nearly 5,000,000 barrels were drawn from storage or 3 per cent. of the amount above ground on September 30.

Table 3—Effect of Use of Automobiles.

Year	Automobiles In Use	Gasolene Manufactured (Bbls. 50 Gal.)	Crude Oil Production (Bbls. 42 Gal.)
1906	85,000	*6,920,000	134,717,000
1910	400,000	*12,900,000	209,557,000
1914	1,253,000	34,915,000	265,762,000
1915	1,754,000	41,600,000	281,104,000
1916	2,225,000	†54,760,000	300,767,000

*Figures are for census years 1904 and 1909.
†Gasolene output includes blended gasolenes.

On November 30, the new wells under way in all fields exclusive of Wyoming and California numbered 4,738, a high record for the industry.

The possibility that the industry may at some future time be brought face to face with a serious shortage of crude oil, is not even considered seriously by experienced oil men. For sixty years past the industry has met promptly every demand made upon it and always without shifting the full burden of its occasional difficulties upon the consumer. If the growing use of petroleum products calls for an annual output of four hundred to five hundred million barrels annually, as it may within the next ten years, we will produce it.

Undoubtedly, it is largely due to uncertainty over the supply of raw material that the industry has been characterized as hazardous. One of the men initially associated with the building up of the old Standard Oil organization from the inception of the industry, once said to the writer that the bug-bear of Mr. Rockefeller and his associates throughout their successful careers, was that the supply of crude oil would give out and that the millions they had invested in refining plants and transporting and marketing equipment would be junked. To this state of mind he attributed the frequent fluctuations in the price of crude oil with the consequent ups and downs in refined prices. It was always a feast or a famine, although the financial status of those who grew up with the industry would not indicate a predominance of lean years. Nevertheless, the frequent changes of prices was an indication of instability that was not without effect upon the public mind.

New conditions and a new generation of executives are coming to the front and with the banking support the business has received in the last three years, the tendency now is toward stabilizing prices. The consensus of opinion is that this can be obtained by increasing the reserve supply of raw material. For the last five years, with an interval during which the prolific Cushing pool was active, the industry has been operating on less than half a year's reserve supply. If this reserve were increased without too violent a reduction in crude prices, it would act as a counterbalance on refined prices; when production fell off and increased drilling activity became necessary.

The existence of a general disposition to stabilize prices for refined products has been in evidence for some time past. The increase in gasolene prices during 1915 seemed abnormal only because it succeeded a period in which prices of all refined products had been demoralized by the overproduction at Cushing, followed by the outbreak of the European war. Refineries had constricted their operations until the reserve supply of gasolene had declined to less than two months' supply. Suddenly an abnormal demand developed and the price advanced 75 per cent. above the low price for the year but only 30 per cent. above the high price of the previous year. Meanwhile, the price of the raw material advanced 200 per cent. in the Mid Continent and 70 per cent. in the Eastern fields. The price of gasolene in the Mid Continent region is only 6 cents a gallon higher today than it was in 1914 while the price of the raw material is $2 a barrel against 40 cents in 1914.

As the government officials indicated, the cause of the sharp advance gasolene prices was due to economic necessity. We can add that no attempt was made within the industry to take advantage of war conditions and raise prices to artificial levels.

If the European war had exercised a direct influence upon the industry the record of it would be apparent in the export records but these fail to show any more substantial growth than is revealed in the following figures:

Fiscal Years	Exports (Gallons)
1913-14	2,240,031,235
1914-15	2,329,575,617
1915-16	2,607,491,209
1916-17	2,749,438,834

In the three fiscal years subsequent to the outbreak of the war our petroleum exports increased 509,407,000 gallons against an increase of 471,300,000 gallons during the three years prior to the war. This is too insignificant to be reckoned and the further fact obtains that since the outbreak of unrestricted submarine warfare last February, our petroleum exports have fallen off and the operations of the tankship fleet have been greatly hampered.

The effect of our own entrance into the war has not helped the industry as the difficulties of moving refined products by tank cars have multiplied owing to railroad congestion, while the well meaning efforts of the shipping board in undertaking to commandeer tankers and supervise the overseas movement of petroleum products, have not worked out so well as anticipated. For instance, an order insisting on all gasolene shipments being made from Atlantic ports, in order to save the time consumed in the journey to Gulf Coast ports has resulted in an accumulation of gasolene stocks in the Mid Continent and a scarcity of supply in the East which can not be remedied owing to railroad conditions.

For some months after our entry into the war, the shadow of price fixing was over the industry and everyone recognized the lack of tenderness officialdom has always shown to the oil interests. The unfortunate results of price regulation on the production of coal and the absolute necessity for keeping up the enthusiasm of oil producers are believed to have removed any danger of radical action at Washington.

War's Serious Effect.

The most serious effect of war conditions has been upon the oil securities markets. The 36 companies in the Standard Oil group show a combined loss in market value of more than $500,000 between April 15 and November 15, and this in spite of the fact that all of them have maintained their regular quarterly dividends and the usual quarterly extra disbursements, while not a few of them have announced an increased bonus for the last quarter. All of the companies in this group can show earnings sufficiently large to take care of excess profits, maintain their usual regular and extra dividends and maintain their working capital intact. The same may be said for practically all of the larger companies in the industry, particularly those which combine the major operations of producing, refining and marketing.

It is conservative, therefore, to state that the oil securities market has discounted every adverse factor short of a military debacle, while the advent of peace instead of bringing a setback will mean further activities in replenishing the depleted petroleum stores of Europe, a task for which the industry has been preparing by increasing the tonnage of its tankship fleet by 371,900 gross tons since 1915 with 496,680 gross tons under construction, for 1917 or 1918 delivery.

GULF COAST

Doubt As to Contracts.

HOUSTON, Texas.—Notwithstanding that work in the Gulf Coast pools has been more or less interfered with during the week by the arrival of Government "mediators" and "conciliators" more wells were completed than during the week previous and the daily average production was held around 74,000 barrels per day. Having overcome labor troubles, operators are now awaiting news of Govenmental fixing of fuel oil prices. No contracts for the coming year has been made with producers by the pipe line companies, who are as much in the dark as the operators. Many existing contracts at $1.25 and $1.35 expire on December 31. The credit balance quotation in practically all the pools is $1 per barrel and operators are in a quandary as to whether they will be asked to accept that figure, pending the period between the expiration of present contracts and the making of new agreements based on the Government quotation.

W. S. Farish, of Houston, president of the Humble Oil & Refining Co. and president of the Gulf Coast Oil Association, has been added to the Petroleum Committee of the National Council of Defense by A. C. Bedford, chairman of the Petroleum War Service Committee. Notice of his appointment came to Mr. Farish by telegraph. He is awaiting a formal letter of instructions from Mr. Bedford. Mr. Farish will represent the producers of heavy grade crudes on the committee. He is a practical operator, an excellent business man, in addition is a member of the bar, but never practiced the legal profession. His producing interests cover the Gulf Coast pools, north Texas and Healdton fields. The Humble Oil & Refining Company has refining plants at San Antonio, Humble and Iowa Park. The appointment was made at the request of Coastal producers, who felt that they should be represented on the committee by a man familiar with conditions in the Southern field, totally unlike those in any other producing section of the country. Mr. Farish knows the business, having experience as a driller, contractor, producer and in the refining end of the industry.

The estimated daily average output of the Gulf Coast region is placed at 74,292 barrels for the week, divided as follows Batson pool, 1,830 barrels; Bland pool, 12 barrels; Dayton, 55 barrels; Edgerly, 3,000 barrels; Goose Creek, 31,500 barrels; Humble, 17,980 barrels; Markham, 400 barrels; Jennings, 1,100 barrels; Spindletop, 1,025 barrels; Saratoga, 2,000 barrels; Sour Lake, 9,340 barrels; Vinton, 3,850 barrels; Damon Mound, 1,800 barrels; Anse La Bute, 60 barrels; New Iberia, 90 barrels; Piedras Pintas and the San Antonio districts, 250 barrels.

Runs show an increase over last week, especially in the Goose Creek pool. In the Humble pool the combined runs of the Texas Pipe Line Co., Sun Co., and American Petroleum Co. averaged 17,000 barrels a day. In the Goose Creek pool the combined runs averaged 31,450 barrels, the Gulf Pipe Line Co. handling better than 21,000 barrels daily and the Southern Pipe Line Co. a subsidiary of the Humble Oil & Refining Co., over 4,700 barrels. The Sun Pipe Line Co. took 3,500 barrels daily and the Texas Pipe Line Co. 2,800 barrels. In the Sour Lake pool a daily average of 9,300 barrels was maintained during the week, the Texas Pipe Line Co. averaging 4,500 barrels, the Sun Pipe Line Co. 4,000 barrels and the Gulf Coast Co. 750 barrels. The smaller pools averaged about the same as last week. In the Vinton pool, the largest in the South Louisiana region, the daily average of the Texas Pipe Line Co. was around 1,700 barrels and that of the Gulf Pipe Line Co. about 2,250 barrels.

The lines are asking $1.50 a barrel for oil for fuel for drilling wells in the Goose Creek pool and it is reported that the Crowley Oil & Mineral Co., whose properties were recently taken over by Philadelphia parties, has closed a contract with rice mills in South Louisiana for fuel oil at $2 per barrel. The Seaboard Oil & Refining Co., of Orange, Texas, paid $1.60 a barrel for 30,000 barrels of Goose Creek crude. These prices are mentioned to show the trend of the market for fuel oil. The large marketing companies are not making any long-term contracts for fuel oil, quotations of $1.50 to $1.60 a barrel for South Texas, South Louisiana and North Texas being merely nominal and for small amounts. Quotations for Oklahoma delivery range from $1.25 to $2.30 a barrel. Eight cents a gallon is asked at Chicago, Pittsburgh and other Eastern and Northern points. On the Pacific Coast the quotations range from $1.40 to $1.65 a barrel.

Late Completions.

The Gulf Production Company brought in the two best wells of the week in the Goose Creek pool. No. 7, Houston-Smith was completed early in the week around 2,950 feet, flowing 4,000 barrels a day. It was still holding up at the end of the week. No. 10, Beaumont Petroleum Company lease on submerged land in Tabb Bay, close to the short line, was finished Friday at 3,000 feet and started flowing 2,000 barrels. The Humble Oil & Refining Company's No. 6 Ashabel Smith shows salt water at 2,550 feet and will probably be deepened. This company has put No. 3 Dannebaum on the pump and it is doing 100 barrels. It was completed some time ago, but has been standing. The Simms-Sinclair interests have junked and abandoned No. 14 Ashabel Smith at 2,150 feet. They are bailing No. 15 Smith at 3,050 feet and put No. 7 Schilling to pumping, making 100 barrels a day. The Gulf Coast Oil Corporation has a 150-barrel pumper in No. 12 Galliard at 2,845 feet, and the Crown Oil & Refining Company's No. 3 Gillette will probably make about the same size well. It was completed at 2,600 feet, with 1,000 feet of oil standing in the hole. A standard rig is being built. The Southwestern Oil & Gas Company got salt water when it tested No. 1 Hunter at 3,335 feet. A previous test at 3,160 feet also showed the same results. The hole was deepened and was about ready for the second test when the men quit work, although the company had signed the union scale and agreed to the other demands of the men. A crew worked for a few days and then deserted and left the hole standing for several weeks. The Surety Oil Company is testing No. 1 Jones at 1,595 feet. The Midfield Oil Company has a 25-barrel producer in No. 3 Scott, completed around 2,800 feet. The Empire Gas & Fuel Company has abandoned No. 3 Adey at 2,850 feet, as has the Associated Oil Company's No. 1 Adey at 2,930 feet.

In the Humble pool, the old Moonshine Hill district furnished the best well of the week. Shatto & Nysewander's No. 2 Cleveland is a 60 barrel pumper at 1,000 feet. The Ka-O-Tex Oil Company's No. 2 fee, in the same section, is a 22-barrel well. The Texas Company is bailing No. 154 Hermann at 870 feet, and the Carona Oil Company has a 5-barrel pumper in No. 2 Barrett at 800 feet. R. C. Duff and others' No. 2 Hirsch is good for 20 barrels at 1,143 feet. Long & Glass' No. 1 Echols, which was a small pumper last week at 980 feet, is now making salt water.

No wells were completed in the Sour Lake pool during the week, but in the Spindletop pool Phillips Bros.' No. 1 Higgins is good for 75 barrels and Holliday and others' No. 1 Minnesota is a 200-barrel pumper. The Endurance Oil Company has abandoned No. 1 Perlstein. The Success Oil Company is testing No. 1 Hilleyer at Damon Mound at 2,845 feet. The result is being watched by those interested in that development for the reason that the wells heretofore brought in there were either from sands around 1,450 feet or below 3,200 feet.

Five wells were completed in the South Louisiana pools, four of them being worked-over holes and one a flowing well put on the beam. In the Edgerly pool, the Gulf Refining Company deepened Nos. 3 Landry and 5-A Higgins to about 2,800 feet. Both came back as 50-barrel pumpers. The Crowley Oil & Mineral Company did the same with No. 47 feet in the Jennings pool and it is pumping 200 barrels a day. The Texas Company worked over No. 66 Latrielle in the same pool, making it a 60-barrel producer. The Gulf Sulphur Company's No. 3 Reid, in the Edgerly pool, which had been flowing about 25 barrels a day by heads is now on the pump.

Two wildcat tests were abandoned and one tested, getting salt water. The Reliance Oil Company set strainer and bailed on the Powell, west of La Porte, across the bay from Goose Creek, at 3,180 feet. It showed salt water, which is believed to come in from above 70 feet of sand. An effort will be made to set a packer to shut off the water and test again. The Southern Sulphur Co. has abandoned No. 1 Stettgast at Pierce Junction, Harris County, at 1,100 feet. This is reality was drilled for sulphur. The Federal Production Company has quit No. 1 Hatcher, in Sabine Parish, Louisiana, at 3,200 feet.

Interest in North Texas.

Coastal operators are displaying an active interest in developments in Coleman, Brown and Eastland Counties. The Ada Belle Oil Company, operating in the Batson pool, has secured 150 acres in the shallow-sand district south of Brownwood in connection with Sowden and associates, of the Humble pool. One shallow well has been drilled that started pumping 30 barrels a day. R. B. Wallace has secured acreage in Eastland County for Gibson & Zahniser, who are interested in Mexico and also in Brazoria County, Texas. Judge Norman Pruitt, of Oklahoma City, is starting a test on the Sellman ranch in McCulloch County. The Magnolia Petroleum Company's No. 4 Morris, in the northeastern part of Coleman County, is drilling below 1,700 feet. This company has completed a line from the Morris, where it has two wells jointly with the Elizabeth Oil Company making over 120 barrels a day, to the town of Coleman and is shipping the crude out in tank cars. Mitchel & Son's No. 1 Gray is drilling at 1,500 feet. The Mutual Petroleum Company and Wood & Wooley are each drilling tests southeast of Coleman.

FOR INVESTORS

Investors in Standard Oil stocks will appreciate a summary of the S. O. subsidiaries from 1912 to 1917 inclusive, showing capitalization, cash and stock dividends, etc., to be had free by applying for circular L-42 to L. R. Latrobe & Company, 111 Broadway, New York.

Apartment bonds in denominations of $100, $500 and $1,000 and bearing 7 per cent. interest are offered by G. L. Miller & Company, S-1017 Hurt Building, Atlanta Ga., and 5 Bank & Trust Building, Miami, Florida. Write to Miller & Company for description and "Reasons Why."

First mortgages, yielding 6 per cent. and well secured on Oklahoma farms, may be had of Aurelius-Swanson Company, Inc., 28 State National Bank Building, Oklahoma City, Okla., who will send a free booklet and a list of loans from $300 to $10,000 to any address.

The prosperous dairy farmers of Wisconsin are paying 6 per cent. for capital with which to expand outfits and increase production. Information on this subject may be found in booklet 21, "The Dairy Farm Mortgage," sent free by Markham & May Company, Milwaukee, Wis.

The oldest and largest mortgage house incorporated in Oklahoma, the Oklahoma Farm Mortgage Company, Oklahoma City, deals in first farm mortgages on Oklahoma, Texas, Arkansas and Louisiana farm property, netting 6 per cent. The company will furnish to any applicant its free list No. 904 and booklet.

To those who can invest $500 or multiples thereof, real estate serial notes secured on improved property and bearing 5, 5½ and 6 per cent. interest are offered by the Mercantile Trust Company, of St. Louis, Mo., a member of the Federal Reserve Bank. Write to the company for its current investment list No. 106.

The Babson Service is designed to give sound information and expert advice for the guidance of investors. It helps one to invest for safety and profit and to cease depending on rumors or luck. Particulars will be sent free to those who write to Dept. K-9, of Babson's Statistical Organization, Wellesley Hills, Mass.

A useful booklet, "24-B," issued by Sheldon, Dawson, Lyon & Co., members N. Y. Stock Exchange, 42 Broadway, New York, tells how stocks in 100 share lots or less and bonds in $100, $500 and $1,000 denominations may be purchased outright for cash, on a conservative margin or on the partial payment plan. The booklet will be sent free to any address.

Since conditions are continually changing in the business and financial world, investors need constantly to consult such a reliable authority as "The Bache Review," which interprets the effect of events, and gives suggestions for investment. Copies mailed free on application to J. S. Bache & Company, members New York Stock Exchange, 42 Broadway, New York.

As the result of thousands of questions asked during the course of the last two Liberty Loan campaigns, a helpful booklet by John Muir & Company, specialists in odd lots and members New York Stock Exchange, 61 Broadway, New York. To get it send to Muir & Co., for free booklet H-4, "Your Liberty Bond."

National Lead pfd. is one of the standard industrials. Its 7 per cent. dividend is paid quarterly, beginning March 15.

Curtiss Aeroplane has merit, but its capitalization is very large and on the recent advance insiders took a handsome profit. It is speculative.

Having been in operation for only about a year, the Hawkeye Tire & Rubber Company does not appear to be well enough established to make its stock a safe purchase.

Nor. Pac. is one of the best of the railroads and the development of its territory promises to add to its value. It might be advisable to diversify your holdings with So. Pac.

Wright-Martin is selling only a little above the price insiders paid for it. Its business is growing rapidly and its contracts promise to be profitable. This does not seem to be a time to sacrifice the stock.

The 7 per cent. notes of the Sinclair Oil Company are probably safe. The company is a dividend payer. Pfd. stocks of leading industrial and railroad corporations now offer good bargains to investors.

While B. & O. is not making the best showing of earnings, it, like all the other railroads, is dependent for its future on the Governments attitude toward the railroad business. If this proves friendly the stock will be stronger.

If you can afford to buy new shares of Anglo-American Oil it would seem advisable to do so. The company is prosperous. Among the best purchases at present are the pfd. stocks of leading dividend-paying corporations. These include Bethlehem Steel 8 per cent. pfd.; American Sugar pfd.; Corn Products pfd.; Atchison pfd.; U. P. pfd.; U. S. Rubber first pfd.; Republic Iron & Steel pfd. Midwest Refining has declined to a level where the stock offers a fair speculation.

Lake Torpedo Boat never paid a dividend. Submarine Boat paid dividends for a time and then suspended them. Each of these companies is said to have large orders from the Government, but their stocks are still speculative. U. S. Steamship, paying 9 per cent., is still speculation, although it has advanced recently on reports of big contracts with the Government. The American Cotton Oil Company pfd. stock pays 6 per cent. and the common 4 per cent. The pfd. is a business man's investment, the sommon more speculative.

The American Light and Traction Company, incorporated in 1901, in New Jersey, controls 16 companies doing business in cities in New York, New Jersey, Michigan, Wisconsin, Minnesota and Texas. Dividends on pfd. have been paid from the beginning. The common stock pays 10 per cent., or less than 5 per cent. on market value. While the common is a good business man's investment, you can do better by buying pfd. stocks such as Corn Products, American Smelting, American Woolen or Republic Iron & Steel, each paying 7 per cent., and selling below par., or Bethlehem Steel 8 per cent. pfd., also below par.

DIRECTORY

WHITE BROS. & HUFF
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Oil Producers

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Southwestern Petroleum Co.
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Lexington Badger Oil Company
Lexington, Ky.
Oil and Gas Producers

Atlantic Refining & Producing Co.
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Petroleum Exploration Company
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WOOD OIL COMPANY
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R. A. CHILES
Mt. Sterling, Ky
Oil Producer and Leases

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Oil Producers

FURNACE OIL CO.
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Oil Producer

CROWN OIL CO.
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Security Trust Bldg.
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OHIO OIL COMPANY
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Oil Producers

BARNETT OIL CO.
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Oil Producers

FOSTER, BAHAN & BARKER
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EDITORIAL

BIG THINGS FOR KENTUCKY.

We venture the prediction that the present year will see the greatest oil pools uncorked in Kentucky in the history of the State. Old time operators and geologists will doubtless agree with us in this forecast.

With over 350 rigs now on locations and other outfits being unloaded every day it is safe to assume that by late spring there will be about 1,000 drills pounding away for the much-needed Kentucky crude. Wildcatters are gradually spreading over wide areas and the future holds big stories of their final achievements.

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AN AGE OF EXPERTS.

In these strenuous times of war and strong competition in all lines of business, nearly every industry has experts, who are classed as inspectors, tasters, samplers, etc. Generally, they are men who have grown up in their particular line of business, and have become proficient in testing the qualities of the commodity they pass upon. The war has created an army of government inspectors and examiners, not to mention the thousands of munition inspectors.

A position much to be desired at the present time, is the sugar sampler. The Sugar Trust employs so many of them, that to name them would take too much space and arouse the jealousy of their less fortunate neighbors.

The war has boosted the price of cigars and a great many men may properly be envious of Mr. A. O. Dresdner, who receives a regular salary for smoking cigars all day and every day. His job is to test and place a value on all imported tobacco, the customs duty on which was $1,800,000 last year at the New York port.

The dean of the coffee samplers is Mr. Rupert Story, who has been drinking coffee for a salary since 1855, and "still going strong."

In New York there are several tea samplers, the best known expert being Dan Browne, who thinks nothing of testing and tasting 100 cups of tea at one sitting. Then he takes a walk and starts on another hundred cups.

To be sure that his taste is not impaired, Mr. Browne never permits himself to indulge in any other beverage.

The only known case of where one man became an expert taster of two beverages and was successful at both, is Mr. Jack Fletcher. "Happy Jack," as he was known, was a tea sampler for many years for a famous English tea concern. After many years he wearied of his one-man-tea-party and resigned, securing a job with a large distillery, where he was a whiskey sampler for several years. It will probably surprise many people to learn that whiskey samplers never drink the liquor, simply tasting it.

Another well-known sampler who holds a position that many young women are jealous of is Mr. H. Dusenbury, who is a perfumery sampler. In his case it is hardly necessary to say that he is a "smeller."

Colonel Jacob Mettler is one of the most famous oil samplers of the country. Wherever there is oil, Jake Mettler is known as the man who drinks crude oil and really likes it. He has become so expert in the taste of crude oil, it is said, that he can actually tell the state, or oil field, from which it was produced, by simply tasting it. So far as known, Mr. Mettler has not yet found anyone who was anxious to join him in a "Mettler cocktail," and when Colonel Jake drinks crude, he drinks alone.

He said the other day, "I don't care if the whole darned country goes 'bone dry,' I will stick to my 'Mettler cocktail.' That's the stuff that keeps me well."

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OIL IS KENTUCKY'S LEADING INDUSTRY.

The value of Kentucky's oil production during the fiscal year that started November 1, will total $25,000,000, in the opinion of Chairman M. M. Logan, of the State Tax Commission.

Mr. Logan, in a recent statement, said that during the period between July 24 and October 31, the production of the state, as reported to the tax commission, totalled nearly 750,000 barrels, valued at $1,733,838. The November production, he said, shows an increase of 25 per cent, with an increase in value from $2.40 to $2.55 a barrel for Somerset and a corresponding increase for the cheaper Ragland grade.

This showing brings the oil business up to the rank of Kentucky's leading industry.

The special state tax on the oil produced—1 per cent of the value—brought the state a revenue of $17,340. About 700 firms and individuals during the last six months reported oil production and paid the taxes, which ranged from $2,250 for the Wood Oil Company, down to three cents.

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EASTERN KENTUCKY COAL FIELDS.

The close of the old year 1917 marks an epoch of unusual activity in the development of the great coal fields of Eastern Kentucky. This activity has been due to several causes. The war situation, the great demand for the coal production of this setion, the high wages being paid, the superiority of the coal and other things have gone far toward causing the unusual wave of prosperity of intense activity that has been general over the mountains, where developments are under way, during the whole of the old year. Announcements for forthcoming developments, the opening of new and undeveloped fields, construction of new branch railroad lines, building of new towns and industrial centers during the first half of 1918 insures even greater activity during the new year. It is said that the supply of coal cars going into the Elkhorn coal fields at this time exceeds the demand and that at many of the mining plants idle cars are found upon the sidings. There is a great demand for more miners, and hundreds are arriving on transportations.

SCIENCE IN WELL DRILLING.

Do the oil operators knows how much oil a sand contains? Do the oil operators know what percentage they are recovering of the oil contained in the sands? What is their operating efficiency.

Oil is not found in lakes or streams underground in Oklahoma and Kansas. It is found in standstones between the grains of sand that make up the sandstones—in the voids—the pore spaces of the sandstone rocks. A porous sandstone can contain as high as 27 per cent. pore space or voids. In calculating the amount of the oil, it is engineering practice to determine the percentage of voids, the thickness of the sands, the pressures and the depth. It has been found that in most cases under normal conditions very little more than 33 per cent. of the oil is extracted from the sands. Why not aim to get more of it? Why not use every endeavor to raise the total percentage of the amount extracted?

Many mehods are used to increase production. Petroleum engineers have made careful studies of this problem and are now applying methods which are successful. In fields where the base of the oil is paraffine base, as in Kansas, it is found that the paraffine base clogs up the pores of the rocks in old wells so that the oil at distance cannot flow to the hole. The paraffine also fills the fissures caused by the shooting of wells, stopping the drainage channels. Does the old-time operator and producer think of this?

For example: A well comes in with a steady production of 50 barrels per day. After a year, we will say, the production of the well has decreased to 10 barrels daily. The operator cleans out his tubing and pump valves and thinks he has done all that is possible to increase his production. He then talks discouragingly of a field, saying that it is a short-lived field, when, usually, it is the lack of modern oil-well practice on his part and not the field that is to blame. Any clogged well can be made to increase its production at a small cost.

Another point in reference to getting all of the oil is that of knowing exactly where a well is shot. The common practice prevailing throughout Kansas is to give a contract for drilling. The contractor will drill the well to and into a sand. Are the logs that he delivers accurate? Is the sand measured exactly to top and bottom?

The well shooter then comes along; he is told that the sands are at a certain depth and that they are of such a thickness, by the contractor who has received his information from, maybe, a sleepy driller. The well shooter is paid by the number of quarts that he uses in shooting a sand. Does he have the operator's interest at heart or his employer's interest at heart? Does he know the texture of the sands or does he think of it? Does he only shoot and shatter the sand as he should, or does he shoot some of the overlying shales or limestones? Who sees that these things are done as they should be done? Does the company's representative know if these things are done correctly, or was there a company representative on the ground? In many cases—I believe I am correct when I say "usually the only men present are the contractors and the well shooters and local onlookers."

Another point: When the well was drilled to the sands, did the operator know if water was entering the oil sand from above or not? Was care used to keep the water out of the oil sand? How? Was it cemented off? Was a packer used? Or did the operator expect the casing to keep out the water? Did water run down on the outside of the casing? Was the well drilled to the oil sand dry?

This is a day of conservation, not only for the good of the country but for the oil men in general. Why are modern practices not used everywhere in the oil-production business?

A new profession has sprung up in recent years—that of petroleum engineering, practiced by men who make careful studies of the practical conditions of the various oil fields and oil wells—technical men who apply scientific methods practically.

F. J. S. SUR.

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GOVERNMENT OIL CONTROL.

It is a matter of pride that the oil industry hitherto has regulated itself so well as to escape all need for Government control. While the prices of practically all other commodities have gone soaring and profiteering has been charged freely in some other industries, the oil men of the country have set a notable example of unselfish and patriotic effort They have kept prices down to eminently fair levels in the face of an enormously increased demand, and at the same time have provided for that demand with the utmost efficiency and promptitude.

A dispatch from Washington hints at regrettable conditions in the old industry. This gossip is based on the advance in crude prices, on pipe lines not transporting oil fast enough, supplies of petroleum held in the field, etc. Any person familiar with the business can satisfy themselves in a short time of the falsity of the statements. It would appear as if they originated from a pro-German source and that the wily schemer hoped thereby to induce the Government to take charge of the business, knowing it would be the luckiest thing for the Kaiser that could be suggested.

The fact is that the producers are doing their utmost to find the oil and bring it to the surface. To this end they are taking big risks in wildcat ventures, and exploitation of new territory. During the present year in the oil fields outside of California and Wyoming the pioneer operator has drilled over 5,000 dry holes, every one representing a large sum of money and no return whatever for the expense and the effort. Some few wildcat ventures have resulted in the opening of new fields, and only for the risks taken the production would be much smaller than it is now. The Government ought to be thankful that it has such earnest workers in its behalf and appreciate what is being done, instead of listening to agitators whose knowledge of the business is based on mere gossip and suspicion.

If any producers are hoarding oil they are guilty of grossly unpatriotic conduct, and it would react to their disadvantage if persisted in. Government fixation of prices would undoubtedly be on lower levels. This would hit the Pennsylvania producer harder than elsewhere. The average production of the Pennsylvania wells is about five gallons per day—this figure being rather high, if anything. Many leases do not put out more than three gallons per day per well. Of course a producer could hide two weeks' production in a barrel, but the undoubted fact is that the producer is selling his oil as fast as he can accumulate enough to get it run into the pipe line. It is a part of wisdom as well as patriotism for him to do so, and the talk of large amounts being held for higher prices is as absurd as that the recent slump in the output of the Mid-Continent was due to the producers seeking higher prices, instead of accounting for it by the cold snap.

If the Government will leave the production of petroleum to those who are now bending their efforts to get it, and will open for development the supposed oil lands which have been withdrawn, the producers will get the oil if it is to be found. If it is not there it will not be the fault of the operator.—Oil City Derrick.

PERSONALS

W. E. Hay made a flying trip to New York during the holidays.

* * * *

J. T. McClintock, of Huntington, W. Va., who has made good in the Irvine old fields, was a Lexington visitor.

* * * *

T. C. Ramey left Tuesday for his home in Ardmore, where he was called on account of sickness in his family.

* * * *

Clarence Miller, the representative from Estill and Powell Counties in the coming Legislature, is spending a good deal of time in Lexington and Frankfort, laying his plans for some real constructive legislation.

* * * *

Ed Morrow, of Somerset, Ky., and the pride of the bulk of the Commonwealth, was in Lexington this week. Ed is anxious to become an oil man as well as Governor.

* * * *

George E. McGuire, of Winchester, made his appearance this week George was the first man to open a brokerage office at Irvine, Ky., and he is still turning deals.

* * * *

Uncle Sam Albec, the Nitro Doctor from Winchester, was in the "Oil City of Kentucky" this week and his presence was warmly felt around the Phoenix.

* * * *

Curley Phillips was in New York during the holidays and he reports that the down-town hotels are without coal and that the guests are compelled to wear their overcoats in the lobbys.

* * * *

Judge Hugh Riddell and family are over from Irvine and are guests at the Phoenix. The Judge is gradually piling up his fortune from holdings in the oil fields.

* * * *

Fred Hillis and Horace Leete attended the Ohio State trapshooters meet in Cincinnati the first of the week. As usual Fred made record shots, but his gun failed to go off in the seventh crack and perhaps lost him the championship.

* * * *

A. O. Self, of the Quaker Oil Company, has returned from spending the holidays in Atlanta with his family. Mr. Self is laying his plans for a vigorous drilling campaign during the immediate future and will start within a few days in Lee County.

* * * *

The Cumberland Producing and Refining Company have moved their main offices from Irvine to the Fayette Bank Building in Lexington, Ky. It is reported that Mrs. B. H. Buehler will be made Secretary of the company to succeed the late Col. F. A. Barker. Incidentally, Mrs. Buehler is the only lady member of the Kentucky Oil Men's Association, and it is appropriate to refer to her as a live member of the fraternity.

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EQUALIZE FEDERAL TAX.

WASHINGTON, D. C.—Through the failure of Congress to recognize the depleting character of mining, oil and gas properties in the excess profits tax act, the mining and oil men of the United States are urging a brief amendment to Section 207 of the act to remedy what they consider a very serious mistake. Mining and oil men from east and west have been in Washington since Congress assembled and they have succeeded in convincing members of the Advisory Board of the Revenue Commissioner that an oversight occurred in the framing of the law, and an amendment has been drafted.

One of the serious blunders of the revenue tax act, according to the mine operators, is that the deduction which corporations are permitted to make are based upon capital stock instead of invested capital. This provision of the law creates very serious inequalities of taxation between mines and oil wells, which possess practically the same status of production.

For example, the case of two neighboring coal mining companies may be considered. If one of these was organized 20 years ago and $100,000 in cash was paid into that company for its stock, and the company used that $100,000 to purchase property, its invested capital, so far as this part of the section is concerned, would be restricted to $100,000, no matter what increase of value might have taken place in the property which was bought for $100,000. Another company, organized 20 years later with a paid-in cash capital of $2,000,000, might invest that cash in another property absolutely identical in value with that of the first company, and on exactly the same earnings one company would get 20 times as much deduction as the other company.

Numerous instances of such inequalities have been brought to public attention.

The law provides for the deduction of not less than 7 per cent. nor more than 9 per cent. of the invested capital as a basis upon which the progressive assessment of excess profits is determined. The higher the capitalization, the greater the deduction, so that the more conservative mining company with its low capitalization is required to pay a much higher tax upon its excess income.

The common interest in the problem mentioned has already welded together a great number of mining men into an effective organization which is co-operating with the American Mining Congress to secure the attention of the Treasury Department and the national law-makers.

Repeated conferences have been held, and the appointment of a committee of sixteen to advise with the Commissioned of Revenue has taken place. This committee was created in response to a resolution asking each of the various branches of the "exhausting" industries to appoint two members.

The objections raised by the mining and oil men do not indicate any desire to evade taxation, but rather a wish to equalize the burden among mineral producers possessing a simliar status.

———o———

REFINERY QUOTATIONS, ALL PRODUCTS

Following are the average refiner's quotation on both Oklahoma and Pennsylvania products in cents per gallon, f. o. b. refinery in bulk, as effective about the middle of the month:

GASOLINE AND NAPHTHAS.

Pennsylvania.

54 Naphtha 17½-17¾
58 Naphtha 20-20¼
60 Straight-run gasoline 20-20½
62 Straight-run gasoline 21-22
64 Straight-run gasoline 24
68 Straight-run gasoline 25-25½

Oklahoma.

54-55 ....16-16¼
56-57 ....16¼-16½
58-59 17-18
60-61 ....18¼-19
64-65 ....21½-22½
66-67 25

BURNING OILS.

Pennsylvania.

47 Water White 9¼-9½
48 Water White 10½-12
300 Burning Oil 11½-13

Oklahoma.

42-43 ....6¼-6½
44-46 ....6½-7
42-43 Distillate 6¼-6½

NEUTRAL OILS.

Pennsylvania.

200 Vis. No. 3 Assoc. Filt....23¾-25¼
180 Vis. No. 3 Assoc. Filt......22-24¼
150 Vis. No. 3 Assoc. Filt......20-20½

Oklahoma.

100 Vis. No. 2 Color..........11-11¼
200 Vis. No. 3 Color...........19-19¼
160 Vis. No. 4 Color...........16-16¼
200 Vis. No. 4 Color...........17-17¼
200 Vis. No. 5 Color.........14¼-14½

CYLINDER STOCKS.

Pennsylvania.

600 Steam Refined 13¾-14
650 Steam Refined 14½-15
600 Amber Filtered 21-22½
600 Medium Filtered 27½-28

WAX.

122-124 White Crude Scale Wax 8¾-9½
124-126 White Crude Scale Wax 27½-28

FUEL OIL.

Pennsylvania.

38-40 Fuel Oil 9-9¼
40-42 Fuel Oil 8¾-9

Oklahoma.

28-30 Fuel Oil ....$2.35-2.40 bbl.
30-32 Fuel Oil ....$2.35-2.40 bbl.

ANNUAL REVIEW FOR 1917

Kansas Leads in New Discoveries—Kentucky One of the Most Active States—Oklahoma Has Most Dry Holes—Gulf Coast Leads in the Amount of New Production.

During 1917 the operators were unusually busy in the oil fields, but the results so far as the discovery of new pools, was not equal to the work done. The one large pool was found in Kansas. Oklahoma produced the most oil of the lighter grade, but it was obtained through many wells of small average. In the total output uncovered during the year Gulf Coast led all other divisions.

Grand Totals, 1917.

The following table gives the total completions for each month of 1917, in the fields covered by The World's monthly oil report, with the initial production credited to the wells, the dry holes and gas wells, and the amount of new work at the end of each month:

	Comp.	Prod.	Dry.	Gas.	New Work
January	1,434	94,391	245	151	3,983
February	1,599	105,219	302	181	4,312
March	1,490	123,038	290	143	3,397
April	1,685	91,542	330	162	4,220
May	1,969	105,300	460	161	4,238
June	2,003	123,063	431	165	4,124
July	1,977	130,338	411	157	4,273
August	1,841	154,551	463	136	4,378
September	2,040	145,152	486	183	4,505
October	2,408	141,518	491	186	4,669
November	2,186	86,785	462	200	4,738
December	1,723	80,835	407	139	4,908
Total 1917	22,355	1,382,732	4,718	1,964	....
Total 1916	23,834	1,497,405	3,993	1,761	....
Difference	1,479	114,673	725	203	....

The above figures were by divisions as follows, the new work being omitted:

	Comp.	Prod.	Dry.	Gas.
Pennsylvania	5,435	35,549	985	762
Lima-Indiana	800	12,318	140	17
Central Ohio	582	901	139	406
Kentucky-Tennessee	1,651	35,652	411	60
Illinois	647	10,138	151	7
Kansas	3,469	325,410	547	172
Oklahoma-Arkansas	6,717	360,896	1,334	409
Texas Panhandle	1,020	50,998	262	18
North Louisiana	472	60,299	110	56
Gulf Coast	1,562	490,571	639	57
Total 1917	22,355	1,382,732	4,718	1,964

OILS AND GAS

LIMA, Ohio, Jan. 2.—Federal control of the oil business is still persistently being feared by operators of the mid-continent and the past month has been reflected in many sales of properties. The dearth in crude oil production is piling up with the extreme weather of December, which has caused a 50 per cent. decline in runs from wells in all the Northern states. Field conditions at the opening of a new month are optimistic, with 170 more rigs up and wells driling than on December 1. Total wells compelted in 1917 east of the Rocky Mountains exceeded any period in the business. December, the closing month, shows an increase in field work over November of 55 wells, but production declined 6,000 barrels. In the Ohio Valley fields at the opening of January there are 1,341 rigs up and wells drilling, including Illinois. The high-grade Pennsylvania West Virginia, Southeastern Ohio sections producing Pennsylvania-grade crude have 648 wells under way, while Kentucky starts the year with 14 rigs up and 366 wells drilling and Central and Northwestern Ohio, with Indiana have 250 under way. Unless Federal action should be announced the year will see more field activity than the oil trade ever knew. Except for Mexico, which is heavy-grade oil, there is nothing above ground to cause lower prices during the period of the war.

* * * *

The almost total shut-down in the Ohio Valley during the past 10 days resulted in very few completions. In Eagle district, Harrison County, the Philadelphia Company drilled its test on the T. J. Baker farm, securing a fair gasser in that formation. In Grant district, Wetzel County, the Carnegie Natural Gas Company drilled on the J. H. Furbee heirs' farm, developing a light gas pressure. In Spencer district, Roane County, the Ohio Fuel Oil Company's second test on the S. B. Simmons farm is showing for a light pumper, and in the same district the Carter Oil Company has the rig completed for another test on the Frank H. Simmons farm. The South Penn Oil Company is drilling on the J. G. Greathouse farm.

* * * *

Much test work is under way and starting in a number of districts on the West Virginia side of the river, but the greater part of it is shut down at the present time. In Greenbrier district, Doddridge County, the Hope Natural Gas Company has started to drill a test on the A. B. Flint farm, and in the same district Strothers Bros. are rigging up on the William Strottler farm. On Buffalo Calf run the Wayland Oil and Gas Company has drilled its test on the Alpha Saddler farm to a depth of 2,445 feet and shut down. In Ten Mile district, Harrison County, Earnest Randolph & Co. are fishing at a test on the Edward Matthey farm and in Eagle district, the Delmar Oil Company is due on the Jesse Talkington farm, and the Carnegie Natural Gas Company has a rig completed on the M. E. Copenhaven farm. The Swisher Oil Company is due on the John Maxwell farm, located in New Milton district, Doddridge County.

* * * *

In Grant district, Wetzel County, the Blackshare Oil and Gas Company has drilled its test on the M. D. Snodgrass farm, but the well is shut down and in the same district Snyder & Pentz have started to drill another test on the J. L. Stevens farm. In Sherman and Washington districts, Calhoun County, the Hope Natural Gas Company is drilling and starting 12 wells, and in Spencer district G. L. Cabot is fishing at a test on the G. C. Deaton farm. In Washington district, Jackson County, Mr. Cabot is building a rig on the Virginia Casto farm and in Raven Wood district the Ravenwood Oil and Gas Company's test on the John Barber farm is shut down. In Spencer district, Roane County, the Ohio Fuel Oil Company and Goff & Beck have a rig up on the Ira S. Wines farm and the location for a test on the Jemima Newlon farm.

* * * *

The total authorized capitalization of oil companies chartered in December with capital of $100,000 and more, according to figures compiled by the Ohio Trade Journal and covering all states of the Union, approximated $60,000,000, involving about 50 companies. These figures compare with a total of $120,000,000 in November, covering about 110 new companies. Charters granted in Delaware contributed two-thirds of the capital authorizations in December. Wyoming charters comprised a large part of the remainder.

* * * *

The Oil Trade Journal for January says: The year 1917 ends with sharp changes approaching in the general conditions involved in the production and consumption of Oklahoma and Kansas crude oil. It now seems certain that the next few months will see a considerable shortage in the supply of crude, for the daily output of the fields of the Midcontinent has already become less than the current requirements, and to accentuate this disparity between the supply of crude and the demand for it some 60,000 barrels of new and aggressive refinery capacity will have been completed within the next three or four months. The situation which is developing promises to be without parallel in Midcontinent history.

BIG COMPANY ENTERTAINS

WINCHESTER, Ky., Jan. 4.—The annual meeting of the Eureka Coal and Mineral Company was held on Wednesday with Mr. Marcus Prewitt, at his home in Montgomery County.

Many private matters of importance relating to the welfare of the company were discussed and the annual election of officers was held and the following were chosen: M. H. Courtney, President; N. P. Van Meter, Vice President; W. S. Duty, Treasurer; Lewis R. Hampton, Secretary. All the officers are also directors with the addition of M. A. Prewitt, who was also chosen to act in that capacity.

At the conclusion of the business meeting Mr. and Mrs. Prewitt had a very elaborate dinner in honor of their guests. The following were present: Dr. and Mrs. D. H. McKinney, Miss Catherine Nelson, W. S. Duty, L. R. Hampton, N. Y. Van Meter, M. H. Courtney, Willis Van Meter, John Hackett, C. H. Bowen, Mrs. Frank Jackson, all of Winchester; J. W. Fletcher, of Buffalo, of the Southwestern Petroleum Co.; Mr. and Mrs. Henry R. Prewitt, Wilmott Prewitt, Lois Thompson, Henry Prewitt, Jr., Harvey Prewitt, Dan, Cliff and Edward Prewitt, of Montgomery County.

The Eureka lease contains 6,800 acres, 3,000 of which are being developed by the Southwestern Petroleum Co., of Buffalo, N. Y. Four wells have been drilled in so far on this lease, three of which are pumping 150 barrels per day.

The company has erected on their lease, which is located in Lee County, a modern hotel, with bath, electric lights and excellent hunting facilities for the accommodation of its employes.

CALIFORNIA FIELD

Would Curtail New Work.

LOS ANGELES, Cal.—"War conditions," or some other cause, seem to have upset the general trend of oil-field operations, for there is an apparent disposition everywhere to curtail new work, and at no time in years have the oil fields presented a more uninteresting aspect. That many of the oil-field workers have enlisted in the war is evidenced in the thinning of the ranks of extra men throughout the different oil towns in the State. The great number of recruits taken from the ranks of the Standard Oil Company alone is certainly wonderful, a list of which, published in a recent issue of the Bulletin, will give some idea of what this war is doing in depleting the fields of labor. In the Kern fields alone 230 men were taken from the Standard, and other companies have contributed accordingly.

While the "labor settlement" as endorsed by the Chamber of Mines and Oil would seem to have permanently disposed of this vexatious problem, there is a question among some oil men as to whether anybody, either collectively or individually, has the authority to enter into negotiations obligating all companies to pay certain specified wages. According to rules promulgated at the Santa Barbara conference the new scale does not go into effect until after the first of January, 1918, but recent newspaper reports are beginning to sound the alarm, as is noted by the following from Bakersfield, which says: "That the oil operators in the California fields are not living up to the $4 minimum wage scale adopted at the Santa Barbara conference between Verner Z. Reeder, President Wilson's representative, and the oil operators and oil workers' union, are paying men less than the scale, causing intense dissatisfaction, men wanting to quit everywhere, and that the situation is critical, was the substance of a telegram sent recently by the State executive board of the Oil & Gas Well Workers' Union of California to Verner Z. Reed at Hot Springs, Ark."

It would seem that this report is a little premature, as the time has not yet arrived for the establishing of the new rate of wages.

McKittrick Field.

McKittrick, while generally considered as not very much in evidence, is a long ways from being down and out, if the following extracts from a recent letter are reliable: The Standard Oil Company has taken steps looking to the erection of a machine shop and storehouse as an auxiliary to their extensive developments in the Lost Hills, Belridge and North McKittrick front. Among the land deals in which this company has figured within the past year or two are these: The old Fearless lease, in Section 16-30-22, North McKittrick, containing 630 acres; 160 acres in Section 21-20-21; 120 acres in Section 22; 240 acres in Section 27; 480 acres in Section 36; 120 acres in Section 6-30-22; 90 acres in Section 7-30-22, and 340 acres in Section 8-30-22; these transfers covering a total of 2,580 acres, and represent some of the best tracts in these districts. In addition to various large tracts in the Lost Hills they have purchased at a cost of about $500,000 the properties of the Vulcan Oil Company.

The expansion of operations in these districts during the past two years has been remarkable. Other companies that have acquired leases on the North McKittrick front and Belridge are the H. S. Williams Oil Company, which has a number of producing wells on 120 acres of Section 26-26-21; the Pacific Crude Oil Company, which controls the latter company; the United Western Oil Company, with several producers on a 320-acre tract formerly controlled by the Arcato Oil Company, and Successus Oil Company, in Section 26-26-21; the Suncrest Oil Company, with 120 acres in Section 26-26-21; the Sunbeam Oil Company, in Section 25-26-21, with 80 acres; West Peer Oil Company, in Section 36-20-21, 80 acres, formerly owned by the M. B. & M. Oil Company; Pittsburgh Light & Gas Company, 160 acres, in Section 6-30-22; Nevada Counties Oil Company, which has leased the U. S. Oil & Mining Company, with a number of producing wells in Section 6-30-22, which had previously been suspended but have been cleaned out and put on the producing list.

The Jackson Oil Company continues to add to its list of wells, having started work on No. 11 this week. S. P. Wible, of Bakersfield, is president and L. A. Jackson is superintendent of the company. The property is located four miles northwest of McKittrick in Section 11-30-21.

One of the oldest companies in the field is the San Francisco & McKittrick Oil Company, which was organized 17 years ago. This concern has 20 producing wells located in Section 14-30-21, with a uniform output, and its storage facilities are among the largest in the field.

The starting of a new well, No. 154, in Section 2-20-21 by the General Petroleum Corporation shows the progress being made by this concern in the development of the Belridge field, where a large number of new rigs have been erected during the year. This company has also been busy in the Lost Hills and in both these districts a number of producing wells have added to the output of this part of the State. The more recent completions in the Belridge field by the General Petroleum have averaged but little more than 600 feet in depth, the output ranging from 60 to 100 barrels a day, while some of those brought in in the Lost Hills have run from 530 to 580 feet in depth, the smallest producers being about 20 barrels, and the larger wells showing for 50 and 60 barrels, while some on the Marina lease, a subsidiary company, are good for 100 barrels a day.

In the Lost Hills, the Standard Oil Co. has started redrilling No. 1 in Section 5-27-21, and is also making ready to deepen No. 8 in Section 3-26-21, where a number of new wells have been drilled in the past year.

In the McKittrick field, H. S. Williams Co. has abandoned No. 9, and No. 10 in Section 30-20-21 has been abandoned by the Southern Pacific.

The East Puente Oil Company spudded in No. 6 in the McKittrick field last week.

MEXICO OIL SHIPMENTS.

TAMPICO, Mex.—Shipments of crude oil, topped crude and distillates from Tampico and Tuxpam during the month of November aggregated 33,407,032 barrels, a decrease of 651,601 barrels when the October movement is considered. The fact that some ships loading out during October were cleared for long voyages, which precluded their returning in time to load out in November, thus reducing the November clearances, may account for some of the shortage in the volume of oil moved in November as against the October movement. It is a fact, however, that the month just passed witnessed a shortage of tankers arriving here and it is hinted that there will be even a more reduced number available for this trade as the exigencies of the European war develops, insofar as tanker bottoms under the American flag are concerned.

As usual, the United States received most of the oil dispatched, that country taking 2,700,480 barrels. Mexican coastwise clearances (Mexican Eagle Oil Company shipments) aggregated 357,024 barrels, while the remainder was dispatched as follows: To South America, 247,035 barrels; to Central America, 126,701 barrels; to the United Kingdom, 56,783 barrels. Tuxpam cleared all crude, as usual, while Tampico's clearances represented 1,717,044 barrels of crude; 777 barrels of topped oil, with 181,818 barrels of lighter products. There was also exported to the United States 3,000 barrels of asphalt.

CRUDE OIL QUOTATIONS

Dates of Price Changes of Important Crudes

No changes in the price of crude oil in any of the producing fields of the country took place last week.

Pennsylvania crude is now $3.75 per barrel, the amount of the latest advance, December 4, having been 25 cents a barrel.

Corning grade advanced 20 cents at the same time and is quoted now at $2.80. Kentucky crude, known as Somerset, also advanced, the extent of its advance being 15 cents, bringing its price at present to $2.55. Ragland was marked up 10 cents to $1.20.

Wooster, North and South Lime and other eastern grades are unchanged, no advance having been made in their quotations since last August.

Kansas and Oklahoma, aside from Healdton, is quoted at $2.00. It has made no advance since last August, when it was marked up 30 cents a barrel.

CRUDE PRICES.

Quoted by the predominating pipe line company in each field. All prices are at the well in barrels of 42 gallons, Dec. 3.

Eastern Fields.

PRICES.

		Jan. 1, 1917	Jan. 1, 1916
Pennsylvania	$3.75	$2.85	$2.25
Cabell	2.58	2.22	1.78
Wooster, O.	2.38	1.80	1.50
Corning	2.80	2.25	1.75
North Lima	2.08	1.58	1.33
South Lima	2.08	1.58	1.33
Indiana	1.98	1.43	1.18
Princeton	2.12	1.62	1.47
Somerset	2.55	2.05	1.63
Ragland	1.20	.95	.75
Illinois	2.12	1.62	1.47
Plymouth	2.13	1.53	1.33
Canadian Petrolia	2.48	1.98	1.73

Mid-Continent.

Kansas and Oklahoma, all grades excepting Healdton	$2.00	$1.40	$1.20
Healdton	1.20	.75	.55

Texas Fields.

North Texas.

		Jan. 1, 1917	Jan. 1, 1916
Electra	$2.00	$1.47	$1.20
Henrietta	2.00	1.40	1.20
Corsicana light	2.00	1.40	1.20
Corsicana crude	1.05	.75	.60
Strawn	2.00	1.40	1.05
Moran	2.00	1.40	1.05

Gulf Coast.

Spindletop	1.05	.90	.50-.35
Goose Creek	1.00	....	....
Sour Lake	1.00	.90	.50-.60
Humble	1.00	.90	.50-.60
Batson	1.00	.90	.50
Saratoga	1.00	.90	.50
Dayton	1.00	.80	.45

Louisiana Fields

Caddo, above 38 deg.	$2.00	$1.40	$1.40
Desoto, about 38 deg.	1.00	1.30	1.10
Caddo, 35 deg.	1.00	1.30	1.10
Caddo, 32 deg.	1.85	1.25	1.05
Caddo, crude	1.00	.85	.80
Crichton	1.00	1.10	.85

California.

Effective June 28, 1917, Standard Oil Company offers the following prices for crude oil at the well:

San Joaquin Valley Fields.

(Kern River, Midway-Sunset, McKittrick, Lost Hills-Belridge, Coalinga.)

Per bbl.

14 deg. to and including 17.9 deg..$0.98

18 deg. to and including 18.9 deg.. .99
and for each increase in gravity of one (1) full deg. above 18.0 deg. gravity, to and inclusive of 24.9 deg. gravity, (1) cent per barrel additional.

25 deg. to and including 2.59 deg..$1.07
and for each increase in gravity of one (1) full deg. above 25.0 deg. gravity, up to and inclusive of 36.9 deg. gravity, two (2) cents per barrel additional.

37 deg. to and including 37.9 deg..$1.32
and for each increase in gravity of one (1) full deg. above 37.0 deg. gravity, three (3) cents per barrel additional

Ventura County.

25 deg. to and including 25.9 deg..$1.07
and for each increase in gravity of one (1) full deg. above 25.0 deg. gravity, up to and inclusive of 36.9 deg. gracity, two (2) cents per barrel additional.

37 deg. to and including 37.9 deg..$1.32
and for each increase in gravity of one (1) full deg. above 37.0 deg. gravity, three (3) cents per barrel additional.

Whittier-Fullerton and Santa Maria Fields.

16 deg. to and including 17.9 deg..$0.98

18 deg. to and including 18.9 deg.. .99
and for each increase in gravity of one (1) full deg. above 18.0 deg. gravity up to and inclusive of 24.9 deg. gravity, one (1) per barrel additional.

25 deg. to and including 25.9 deg..$1.07
and for each increase in gravity of one (1) full deg. above 25.0 deg. gravity, up to and inclusive of 36.9 deg. gravity, two (2) cents per barrel additional.

37 deg. to and including 37.9 deg..$1.32
and for each increase in gravity of one (1) full deg. above 37.0 deg. gravity, three (3) cents cent per barrel additional.

COUNTRY-WIDE TANK WAGON MARKETS

Standard Oil Company's service station quotations on gasoline and tank wagon prices for kerosene in cents per gallon.

	Gasoline Dec. 17	Gasoline Dec. 10	Oil Dec. 17	Oil Dec. 10
EASTERN POINTS.				
New York	26	26	10	9
Boston	27	27	11	10
Philadelphia	27	27	12	12
Buffalo	25	25	11	10
Pittsburgh	27	27	12	12
Cleveland	25	25	..	..
MIDDLE WEST.				
Chicago	21	21	9	9
St. Louis	20.4	20.4	9.9	9.9
East St. Louis	20.5	20.5	10	10
Omaha, Neb.	22	22	10.5	10.5
Kansas City	20.3	20.3	9.3	9.3
Peoria, Ill.	21	21	11	11
Detroit	20.5	20.5	11	11
Indianapolis	21	21	11	11
Minneapolis	22	22	11	11
La Crosse, Wis.	21.9	22	11.4	11.4
Yankton, S. Dakota	23.3	23.3	12.3	12.3
Sioux City, Iowa	20.3	20.3	10.5	10.5
Oklahoma City, Okla.	25	24	9	9
SOUTHERN POINTS.				
Atlanta, Ga.	26	26	12	12
Fort Worth, Texas	26	26	14	14
New Orleans, La.	23.5	23.5	10.5	10.5
Nashville, Tenn.	23	23	12	12
Memphis, Tenn.	20.5	20.5	11	11
FAR WEST.				
Denver	26	26	12.5	12.5
San Francisco	20	20	9	9

LOUISIANA FIELD

SHREVEPORT, La.—Official announcement that the strike of oil field workers in the Texas and Louisiana fields, had but little effect on this territory as the situation had already adjusted itself to such an extent that the strike was practically a thing of the past. The production of the field is steadily improving, last week's figures showing an increase of 6,485 barrels daily and bringing the average up to 20,470 barrels a day. The production of the De Soto and Red River districts is now about 5,550 barrels daily, which is about 2,000 barrels a day less than it was before the strike, and the production of the Caddo and east Texas districts is 20,500 barrels, about 6,500 barrels a day less than before the shut down occurred. Many of the wells are being cleaned out and will be put in better shape than before the strike, but others have been clogged up and killed, and at the best, the strike has caused a heavy financial loss to all concerned and it is difficult to see where any one has profited by i.t

Nearly all of the civilian guards who were placed in the field at the expense of the oil companies to guard life and property, have been withdrawn, only about 25 being left of the 200 which have been on guard since the first of November. About 400 gallons of liquor were seized by the sheriff's order, consigned to oil field residents, but this will probably be released now that the strike has been declared off.

In Morehouse parish, the Commercial Oil & Gas Company is drilling at 2,000 feet in No. 2 Austin-McLain, section 14-19-4 and the Mountain Gulf Oil Company is drilling at 2,285 feet in spyker No. 1, section 39-20-5.

In Ouchita parish, the Ouachita Natural Gas & Oil Company is drilling at 1,960 feet in No. 2 Trezevant, section 40-20-4; the Perryville Oil & Gas Company is arranging to resume drilling No. 1 Perry, section 19-20-5, and the Central Company is temporarily closed down in No. 1 Kerr, section 12-19-4, at 1,925 feet, repairing rotary.

In Union parish, the Federal Petroleum Company is drilling at 1,850 feet in No. 1 on the Union Sawmill Company lease, section 13-20-3.

Towards the center of the State, several tests are being drilled which are being closely watched for possible oil and gas development. In Grant parish, the Nantachi Oil & Gas Company had a good showing of gas at 1,280 feet in Fletcher No. 1, section 16-7-4, and is now drilling in chalk rock at 1,300 feet. A test will be made for oil, as indications are considered favorable.

In Rapides parish, the Cotile Oil Company is drilling at 1,200 feet in No. 2 Boyce, section 24-5-3.

South of the Logansport district, in Sabine parish, Pomeroy & Hamilton are arranging to set 4½-inch casing at 2,450 feet in No. 1 on the Long Leaf Lumber Company lease in section 30-6-12; the Federal Petroleum Company is pulling the casing to abandon No. 1 Hatcher, section 27-9-14, which tested dry at 3,200 feet, and the Texas Company is drilling at 1,760 feet in Logan A-7, section 26-10-12.

West of Logansport, in Shelby County, Texas, the Texas Company is drilling at 1,100 feet in No. 3 Pickering Lumber Company.

In Panola County, Texas, the Texas Company is bailing at 2,115 feet in No. 1 Waterman Lumber Company and the Gulf Production Company is arranging to pump No. 1 Trosper et al. The Gulf's Aaron Jeter well is closed down temporarily on account of no water for drilling operations.

OKLAHOMA FIELD

Good Well Near Skiatook.

The Osage Natural Gas Company, a Caney (Kan.) concern, drew one of the choicest Christmas gifts in the Oklahoma field on Monday, when its No. 1 in the northeast of the northwest quarter of Section 8-22-12 came in a big producer. The well is located three miles west and two and one-half miles north of Skiatook, in Osage County. Bartlesville sand was found at 1,850 feet and when 22 feet in, the well began flowing oil at a lively rate. Four two-inch lead lines were soon connected and through these the well shot the oil to a tank 1,000 feet away from the well, into which the fluid poured at a rate that made the well look good for at least 400 barrels. It is one of the best wells the Skiatook region has recently seen. Other portions of Osage County were productive of a number of comparatively big wells in recent days. The Sinclair Gulf and Osage-Hominy Oil Companies jointly completed two wells in Section 16-23-8, No. 96, good for 150 barrels from the Bartlesville sand, and No. 98, doing 300 barrels from the Skinner sand. The Winona Oil Company's No. 9 on the Opah farm, in the southeast of the southwest quarter of Section 33-22-10, is a 200-barrel well from sand at 1,608 to 1,702 feet. Other Osage completions were small wells.

Still Affected by Cold.

The Mid-Continent field had not recovered from its recent period of frigidity at the close of the reports on field operations, and wells shut down were recorded from every portion of Kansas and Oklahoma. The number of completed wells was 11 fewer than the week previous and the total amount of new production decreased 3,765 barrels from the week before. Cold, lack of water and very bad roads all contributed in tieing up operations in this part of the country. There were a few wells reported that were big enough to attract notice, but the great majority of those that were finished were of small calibre. No new territory was opened with the exception of the good prospects in Payne County, made possible by the Gypsy Oil Company's No. 1 on the Conrad farm, which, together with the Magnolia Petroleum Company's well that recently found the oil sand on the Applegate farm, appear to extend the Yale pool and are hopeful signs of good things to come east and south of the older pool.

A Report on Woodward County.

Woodward County continues to puzzle and annoy men who feel disposed to take a chance in that direction and frequent inquiries are made for news from that mysterious portion of the State. A reliable man was sent to Woodward by one of the large companies to make a report on what he saw and learned from others. His instructions were to get the truth, if possible, of the status of the Red Hill Oil & Gas Company's test in Section 23-23-21, which the owners claimed was an oil well, but which they closely boarded up and barricaded with barbed wire. The report was not encouraging. He says the well is down 1,565 feet. The owners, he says, claim to have a hole full of oil, but, the investigator states, the bailer was run down the hole five times and, as near as he was able to learn, only a half bailer of oil was brought to the surface. He characterizes the well as "absolutely no good" in his opinion and that of others, including several leading Blackwell contractors. There was a farm sold in Woodward County a short time ago for $55,000 and it was reported that it was sold for drilling purposes, but this investigator declares that the purchaser has no intention to break into the oil business, but bought the land for a truck farm, and will use an irrigation system to get results. The only acreage that has "changed hands" for oil operations has been bought by Woodward County people. This is the latest information obtainable on Woodward County, and as it comes from what would generally be considered a reliable and trustworthy source, it does not give that county a very promising outlook. There is another well in the county which is now being drilled close to where it should be determined whether or not there is oil. Its completion is awaited with hopefulness by those who are inclined to think well of Woodward as a possible oil territory. Perhaps it may change the appearance of things.

In Pawnee County.

Only one completion was reported from the Cleveland district, in Pawnee County, during the week. John H. Markham, Jr., completed a well on the Van Eman farm, Section 20-20-7, good for 40 barrels from the Skinner sand. The well was shot. Olive, in Creek County, showed a 100-barrel well in the Ohio Cities Gas Company's No. 3 in the northwest corner of Section 34-19-7, on the Ellis farm. Squirrel sand was found at 2,475 to 2,490 feet, from which the well is flowing naturally. In the Mannford district of Pawnee County, Barker, Bradley and others' No. 6 on the Barker farm, in the northwest quarter of the northeast quarter of Section 27-18-10, is a 40-barrel well after a shot in sand from 2,000 to 2,028 feet deep.

The big Cushing district reported only one well completed. Seven new rigs were built, but the only well finished was that of C. B. Shaffer, No. 8, on the Bruner farm, in the northeast of the southwest of the northeast quarter of Section 33-17-7, which is good for 25 barrels.

In Tulsa County.

In Tulsa County, the Paloma Oil Company's No. 1 on Lot 109, in the southwest of the northeast quarter of Section 16-20-12, is a 20-barrel well after a shot. Bates & Tisron, on the Mackey farm, in the southeast of the southwest quarter of Section 34-19-12, Red Fork district, started off at 25 barrels after a shot. The Glenn pool showed three completions, the best of which was the Texas Oil Company's No. 10 on the Watson farm, in the northeast quarter of the southeast quarter of Section 33-18-12, which is producing 200 barrels a day from the Tanaha sand. The well is only 2 feet in the sand, the top of which was reached at a depth of 1,775 feet. The Prairie Oil & Gas Company has a 60-barrel well on the Ishmael farm. It is No. 4 and is located in the northeast of the northeast quarter of Section 24-18-12. Hamilton and others' No. 1 on the Bunger farm, in the southwest of the southwest quarter of Section 12-18-12, responded to a shot with 40 barrels production. Bird Creek reported new work but nothing finished. Two dusters and a 50-barrel well were reported out of Broken Arrow. Bearman and others completed a dry hole at 1,405 feet in the southeast corner of Section 13-18-14, Barnett farm, and Ike Simons and his associates completed a failure at 1,597 feet on the Haikey farm, in the northeast corner of the southwest quarter of Section 30-18-14. The Edgar Oil Company has a well doing 50 barrels on the Miller farm, in Section 35-18-14. The well has not been shot. It is No. 5 on the lease. Along with a considerable amount of new work, the Bixby district reports four completions, two of them dry holes and two wells good for 200 barrels each. The New York Oil Company's No. 6 on the Gibson farm, in the southwest of the southwest of the northeast quarter of Section 25-17-14, is dry at 1,257 feet, and R. Mock and others abandoned their well on the Bear farm, in the southeast of the northeast of the southeast quarter of Section 22-16-13, after drilling it 1,760 feet and getting nothing. The Prairie Oil & Gas Company has a 200-barrel well on the Perryman farm, in the center of the south line of the southeast of the northwest of Section 15-16-13, from sand at 1,621 to 1,644 feet. The well was shot with 60 quarts of explosive. H. F. Wilcox got the other 200-barrel well, located on the Bear farm, in the center of the east line of the southeast of the southeast quarter of Section 22-16-13, from sand at 1,736 to 1,746 feet. It has not been shot.

Gasser at Bald Hill.

Bald Hill was the scene of a number of completions, none of them big producers. The Hanson Oil & Gas Company completed a 9,000,000-foot gas well in the northwest of the northwest quarter of Section 32-14-14, on the Ashley farm. The gas sand was found at 1,745 feet. The Texas Oil Company completed a dry hole in No. 5 on the McIntosh farm, in the center of the west line of the northeast of the northeast of Section 1-15-14. The wall was abandoned at 1,330 feet. Steinberger and others have a 25-barrel well in No. 6 on the Lewis farm, in the northwest quarter of Section 20-15-14. The Massachusetts-Oklahoma Oil Company's No. 3 on the Osborne farm, in the center of the east line of the southwest of the northwest quarter of Section 21-15-14, is dry at 1,740 feet. The Okmulgee Producion & Refining Company completed No. 2 on the Miller farm, in the southwest quarter of Section 16-13-14, and has a 25-barrel producer. The Prairie Oil & Gas Company got a 20-barrel well in No. 2 on the Rentie farm, in the southeast quarter of Section 5-14-14, and the Twin Hills Oil & Gas Company did the same in its No. 1 Buchanan farm completion, in the northwest quarter of Section 6-14-14. The Okmulgee Producing & Refining Company's big well on the Huckaby farm, in Section 25-14-11, is holding up in a way that makes the territory roundabout it full of promise. The well is producing 600 barrels a day, or thereabouts, at the present time, which is a better showing than it made when it came in two weeks ago. The only thing that has held back immediate new work about this well has been the weather.

200-Barrel Well at Coweta.

In Muskogee County and the country north of it, the past week has been devoid of sensations. The Coweta shallow sand received a set-back when Frank Wright completed a dry hole in Section 27-18-16. The Fifty-Five Oil Company's first well on the Hagar Sandy, which was put to pumping last week after several weeks of waiting, is doing 50 barrels a day. This well was rated as a 200-barrel well. It made several nice flows after it was drilled a few feet into the sand and its present production is a disagreeable surprise. The company is drilling No. 2 and when it is completed No. 1 will be drilled deeper. In the Boynton district, Barnes & Powell have a duster on the Rentie farm, in the center of the east line of the west half of the southwest of the northwest quarter of Section 7-14-15. This was the only well completed in the district. In the Coweta district, the Livingston Oil Corporation completed a 200-barrel well in No. 6 on the Childers farm, in the noretheast of the southeast of the southwest quarter of Section 30-17-15. The well had sand from 1,148 to 1,168 feet and was shot with 80 quarts of explosive. In the Haskell section, Kistler and others, on the Taylor farm, have a dry hole in No. 1, in the center of the west half of the southeast quarter of Section 20-15-16. The Minnetonka Oil & Gas Company has a 6,000,000-foot gas well in No. 1 on the Richards farm, in the northwest of the northwest of Section 34-16-15. Harris Brothers completed a 25-barrel well in No. 2 on the Grayson farm, in the southeast quarter of Section 30-16-15, and the Melba Oil Company's No. 2 on the Fields farm, in the northeast quarter of Section 17-16-15, is good for 15 barrels.

KANSAS FIELD

(Special)

WICHITA, Kans., Jan. 3.—Kansas is giving a demonstration in the Butler County deep sand field of the difference in the success of experienced oil men and the beginner who rushes in where the veteran fears to spud in. Within a mile of the famous Trapshooters lease $30,000 underground monuments to the end of the rainbow are being completed. But to get back to the language of the oil fraternity—west of the prolific Trapshooters district in the four sections in the northeast corner of Towanda Township 26-4 dry holes are being reported with regularity. Promoters played the Trapshooters sand to extend west and southwest, while producers drew back from the $1,000-acre stuff and invested in acreage southeast of the Trapshooters. The promoters have failures; the producers, production ranging from 250 to 1,000 barrels per well.

The extent of the El Dorado pool is being fairly well defined by recent drilling. It appears that the pool will include three-fourths of El Dorado Township, which is 12 miles north and south and 6 miles east and west. The northernmost tip is near the northeastern corner of the township and the southern tip in the southwestern corner with about six or possibly eight sections of pay sand in Towanda Township to the west of the southern half of El Dorado Township. The so-called prolific Towanda pool is an extension to the west of the main pool. About half of the southern half of El Dorado Township will produce oil, while nearly all of the northern half will have some production. The northern half, however, is spotted. Fairview Township, which adjoins the northern half of El Dorado Township to the west, has about six sections of pay sand, possibly not so much. In general shape the outline of the El Dorado pool is similar in shape to a map of Africa. El Dorado is located at the eastern edge and about the center north and south. The projection of the pool into Fairview and Towanda townships resembles the western coast of Africa and the big production is about where Lake Timbucto is shown on the map of Africa.

West of Section 11-26-4 there are four wells below the level of the Trapshooters sand and three shut down. To the north there is one new failure. The tests to the west that have missed the sand at the expected depth are Wichita Crude in 9-26-4, working at 2,470 feet; Peters Oil Company, 9-26-4, working at better than 2,450 feet; Uncle Sam, working in 15-26-4, at better than 2,450 feet, and Atlantic Petroleum Company, which has a dry one in No. 6 in the west side of its lease in 15-26-4. To the south, Dynamo, on the Boucher, in 23-26-4, has salt water at better than 2,600 feet.

A mile east and two south of Section 11 three new wells have been completed recently. They are the Empire's No. 1, Houston, in 19-26-5, good for 550 barrels on the pump; Ramsey Petroleum Company's No. 1, on the Harmon, in 24-26-4, good for 500 barrels on the pump, and Patton, et al. on the Richards, 24-26-4, good for 500 barrels on the pump. A mile and a half south of the Empire's Harmon well the Foster Oil Company is down 2,715 feet on the Clough, the north half of the southwest of 31-26-5, and has no showing. Between the Harmon well and the Foster test are the Koogler and Nuttle wells. The sand in this section is picked up at 2,600 to 2,625 feet, which makes the Foster test look dry. If the Foster attempt proves a failure it will establish that the El Dorado pool does not extend south of El Dorado Township unless on a very narrow strip. It is a mile from production to the township line, the fartherest south well however, is good for 400 barrels, which does not indicate edge stuff yet.

From the Nuttle wells, which mark the southern extension of the El Dorado pool, to the heart of the pool there are thousands of acres that have not been touched by the drill. Drilling has demonstrated that there is two years of steady drilling yet to do before the southern part of the pool is brought up to a high state of development.

In the northern end of the pool some exceptional wells are being brought in. The Gypsy Company recently uncorked a thousand-barrel well in 3-25-5, a quarter of a mile east of a duster which in turn is a quarter of a mile east of another producer. This kind of return means that none but the larger and stronger companies will undertake to develop the north end and gradually the big companies are securing control of the acreage.

While the El Dorado pool is making a little less than 100,000 barrels of crude daily it is capable of making, under more favorable weather conditions, in excess of 125,000 barrels. The Towanda district is holding up well, due to the Gypsy's humway lease in 11-26-4, which is producing right close to 28,000 barrels from 160 acres every day now. Carter's Porter lease, the north half of 1-26-4, is coming to the fore very rapidly, having produced 2,000-barrel wells and during the excessive cold weather of the past two weeks provided the field with four wells ranging from 200 barrels up to 1,100.

The Empire Company, which has under lease the bulk of the acreage in the El Dorado pool, is shutting down due to a water famine. The rivers have gone dry and most of the spudded water wells are too low to be of service. Cold weather and water shortage have done about all that can be done to cause a general shut-down of new drilling in the pool.

Augusta, where two old fields are located, provided no sensational producers the last month, although the Wilford well, two and a half miles in advance of production to the southwest, recently was completed for 220 barrels, causing a flurry in that direction where the Monitor, which drilled the test in 6-29-4, has two rigs going. Other companies that have started tests south and southwest of the Monitor well are Hoyt, et al.; Mid-Kansas, Bax-Mor, and he Empire.

South of Butler County the Royal Oil, Gas and Refining Company and the Pluto Oil and Gas Company have discovered a new pool. These companies completed a well in 14-30-4, Northern Cowley County, which looks good for more than 200 barrels from a 2,800-foot sand. The oil tests 45, the highest gravity oil in Kansas. Butler County oil tests from 34 to 42 gravity. The Royal-Pluto well is attracting a lot of attention and the oil companies are beginning to bid high for stuff about the wildcat.

The Fox-Bush pool in township 29, range 5 east, ten miles north of the Magnuson well, is developing into a nice pool. It has four producing wells, one in the sand, four drilling and about a half dozen rigs up. The sand is found around 2,800 feet and the wells run from 50 to 200 barrels of high grade oil. A pipe line is being built from this pool to Douglass where a refinery is building.

Six miles north of this district are the Weaver-Tague wells running from 25 to 125 barrels of crude daily. The activity in this district is confined to Section 1-28-5. There are two drilling wells and four rigs up about the producers.

Six miles north of the Weaver-Tague wells is the Smock pool, which has come back with a 200-barrel well in advance of production and almost offsetting a dry hole. Four miles north of the Smock the Sluss pool has recently furnished three producers, two being in 26-26-5 and one in 25-26-5.

Practically every Butler County wildcat is shut down until the after the new year. Important tests at the present writing are Prairie on Mosier, 18-26-4; Prairie on Pattison, 3-26-6; Rockhurst on Demours, 7-26-7; Skelley on Cain in 20-28-6; Moll-Hyde on Stebbins in 13-27-6; Uncle Sam on Hennekamp in 7-26-3. These wells are down where sands should be picked up at any time.

Greenwood County offers some excitement in the Hull-Stanhope field where the Stevenson No. 1 in 2-26-8 recently was completed for 350 barrels. The Mid-Kansas got a 20-barrel pumper in a 1,400 foot sand on the Bryden in 36-25-8 and a location east failed to get the pay. The No. 2 will be sent down for the Hull sand at 2,400 feet.

There are fifteen drilling wells about the little railroad station of Salyards, one, the Great Southern's Stanhope No. 2 being due in the 2,400 foot sand now. Cold weather and lack of water have shut down most of the rigs, however.

Wildcat wells in Ellsworth, Kiowa, Marion, Chase, Harper and Harvey counties have been shut down until the cold weather blows itself out. The Ellsworth wells are past due, one being around 3,200 feet. Marion and Harvey counties have 3,000-foot tests showing dry.

Investments in oil by Wichita citizens have swung from stocks and leases to royalties. During the last six months more than a million and a half has been put into royalties in the El Dorado pool. The fever broke out following the purchase of a half interest in the Shumway 160 in 11-26-4. The buyers are getting their money back from this deal every fifteen days. Prices for royalties range from $2,000 to $4,000 the acre for one-sixteenth of the oil in pipe line.

J. B. D.

TEXAS FIELD

WICHITA FALLS, Texas—Owing to the bad weather during the early part of the week, to the scarcity of water and the proximity of the Christmas holidays, there has been very little progress made on drilling wells since the last report and there have been very few completions, all either small wells or dry holes.

At Burkburnett there were nine small wells and three dry holes, at Electra three dusters only, in the Culbertson district a 50-barrel well and at Petrolia a dry hole.

In the deep pool at Burkburnett the Panhandle Refining Company's E. J. Ramming No. 8 was completed at 1,630 feet, only good for 20 barrels. Several other wells in this neighborhood are on top of or close to the sand, but will probably not be drilled in until the holidays are over, especially as, after a couple of days of warmer weather, another norther is developing.

In the shallow pool there were six five-barrel wells, Donegan et al's Beblerback No. 8 at 220 feet; Hall & Farer's Daniels No. 4 at 325 feet; the Texahoma Oil & Gas Company's Dodson No. 5 at 530 feet; the Reynolds Oil Company's Birk No. 8 at 278 feet; Parker Ezell's Birt No. 6 at 270 feet and Frank Lewis' Donahue No. 2 at 220 feet; Donegan et al's Beblerback No. 7 was good for two barrels at 212 feet and Britton & Schultz's Dodson No. 2 is pumping three barrels at 182 feet, while the dusters were Hall & Farer's Daniels No. 3 at 175 feet; the Mutz Oil Company's Belderback No. 2 at 20[illegible] feet and Anderson & Bright's Van Luterman No. 1 at 600 feet.

Electra Pool

At Electra the most interesting of the dry holes is that of the Empire Gas & Fuel Company on the Smith farm, which is located on the ridge west of the town, in Wilbarger county, but this fails in importance when it is known that it was abandoned at a depth of only 1,172 feet and that a rig has already been built for No. 2, which will be drilled with standard tools, to a depth of 3,000 feet, or more, unless pay is found sooner. The Great Western Oil Company's Flusche No. 1 was abandoned at 2,000 feet and Trammell et al's No. 1 at 950 feet. Tate No. 2 is already drilling at 100 feet.

D. A. Smith's Ziset No. 1 is drilling at 1,350 feet; the Duncan Electra Oil Company's Granger No. 1 at 1,150 feet; E. A. Dale's Ward & Tood No. 2 at 400 feet; the Magnoilia Petroleum Company's R. S. Allen No. 70 at 605 feet; its R. R. Allen No. 64 at 1,866 feet; its Piper No. 9 is still swabbing from 50 to 80 barrels daily and will probably not be completed for some days; its Piper No. 14 is drilling at 1,585; its R. R. Hamilton No. 28 at 1,065 and Ft. Sumner Nos. 21 and 23 are drilling at 655 and 700 feet respectively; Sheldon et al's Sheldon No. 1 is at 400 feet; the Pittsburg-Texas Oil Company's Hurdleston No. 1 at 300 feet and Pyle et al's Smith No. 1 at 180 feet; the Texas Company's second Bywaters No. 62 is at 1,500 feet; its W. B. Honaker No. 57 at 900 feet; its Herron No. 4 at 1,700 feet and its Bickley No. 51 at 1,085 feet. Others, with the exception of the new work are the same as when last reported.

Of the new work Brewer et al's McClure No. 1 is drilling at 100 feet; Huidecopper & Wood's Ward & Todd No. 2; the Acme Oil Company's Ward & Todd No. 3; L. Saunder's et al's Ward & Todd No. 2; W. J. Sheldon's Ward & Todd No. 1; Murphy et al's Ward & Todd No. 1; McClure et al's Ward & Todd No. 1 and the Magnolia Petroleum Company's Dodson No. 1 are all rigging up, ready to drill, all of them but the last being near the Sutton school house, where several good shallow wells have been completed recently.

In the Culbertson district Culbertson et al. completed their Waggoner Bros. No. 9, in a pay sand from 1,503 feet to 1,515 feet, good for 50 barrels. This is close to the discovery well and on the same lease.

Of the drilling wells the Gulf Production have three close to the pay and a day or two's work should develop something. Its Burnett No. 2 is at 1,720 feet; its Throckmorton No. 1 at 1,485 feet and its Wood Burnett No. 4 at 1,505 feet and rigging up with standard tools to drill in; its Burnett No. 3 is at 1,100 feet; its Jennings No. 2 at 400 feet; the Colorado-Texas Development Company's Jennings No. 1 at 1,400 feet; the Tarver Oil Company's Jennings No. 1 at 1,720 feet; the 6666 Oil Company's Burnett No. 3 at 1,350 feet and R. B. Jones, trustee's Burnett-Lloyd No. 2 is at 1,420 feet, rigging up with standard tools. Other tests are at the same as last week.

At Petrolia, Hapgood, Parks & Brown have abandoned their Edwards No. 1 at 1,805 feet, a dry hole. Newt Mayer et al. are in a pay sand at 1,760 feet, in their Fultz No. 2 and are setting casing, ready to drill in. The Metropolitan Oil Company has abandoned its Landrum No. 1, but the depth was not reported. A rig has been built for Landrum No. 2, one has been built for Edrington No. 1 by Staley, Chenault & Childers and one for Hager No. 1 by H. Body.

Wildcat Wells.

The Wichita and Archer County wildcats do not appear to have made any progress since the last report, as the cold weather has been too much for them, water pipes having frozen and burst and pumps being damaged, besides the discomfort for the men.

In Montague County some progress was made and indications are that the number of drilling wells will be added to after the holidays. The Herndon & Anchors Oil Company's Cranshaw No. 1 is drilling at 1,185 feet and a rig has been built for its Seay No. 1, a mile and a half southwest of Belcherville; the Beaver Valley Oil & Refining Company is drilling on the Kauffman County school lands, northeast of Belcherville with a rotary. The drill has been in very hard lime for more than 150 feet and is still in the same formation, at 200 feet; the Big Six Petroleum Company has its No. 1 Dunn rigged up and ready to spud in; Leopold & Loeb have a rig on the Mayes farm and the Nocona Oil & Gas Company has one built northeast of Nocona. The Empire Gas & Fuel Company has also been acquiring leases in this neighborhood and has already secured more than 1,000 acres. It is not known whether immediate drilling is intended.

Young County reports state that C. F. Colcord's Scott No. 1 is still shut down at 2,300 feet; the Empire Gas & Fuel Company's No. 1 is at 3,100 feet, drilling daylight tower only and, having shut off the salt water the gas from above is being used for fuel to make steam. The Texas Company's Graham No. 1 is shut down at 1,565 feet and its Arnold No. 2 is underreaming at 618 feet. The Empire Gas & Fuel Company has made arrangements with the Texas Central Railway to haul water to be used to finish its test on the Reynolds ranch, north of the town of Albank in Shackelford County. About 80 joints of two-inch pipe were lost during the last freeze, by being bursted.

In Stephens County the Texas & Pacific Coal Company's Lauderdale No. 1 is still fishing at 3,450 feet; its Boolier No. 1 is drilling at 3,330 feet and its Maxwell No. 1 has started up at 3,715 feet, drilling daylight tower only; its Winston No. 1 was abandoned at 3,800 feet, dry; its Barrou No. 1 is drilling at 2,015 feet; 10-inch casing is being underreamed in W. H. Corbett No. 1, from 760 feet to the bottom of the hole at 885 feet and Gaston No. 1 is shut down at 1,400 feet. The Texas Company's Parks No. 4 is drilling at 705 feet; its Keithley No. 1 is shut down, waiting for 4-inch casing, at 3,060 feet; its Lauderdale No. 1 is drilling at 1,805 feet and its Sandage No. 1 has a fishing job at 2,425 feet. The Gulf Production Company's Fincher No. 1 is shut down at 3,750 feet and its McCauley No. 1 is drilling at 3,310 feet.

The Texas Company's McDonald No. 1, west of Palo Pinto, in Palo Pinto County, has spudded in and is drilling at 240 feet.

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COSDEN & COMPANY.

Cosden & Company, on its present basis is earning at the rate of a million dollars a month net after taxes, including part depreciation and taxes with the exception of the excess profit tax and from their recent statement of earnings up to September 30th, shows earnings amounting to $7,135,000.00. This company is capitalized with $3,500,000.00 preferred stock, and $16,000,000 common and from the above earnings appears exceedingly attractive around its present selling price. This company controls leases on 300,000 acres in the mid-continent field, which has proven to be one of the most profitable fields in the country.

The physical condition of the Cosden & Company's plants cannot be praised too highly, and with its supply of crude oil and its refineries, this company can be figured to take care of itself under most any conditions that might arise in the oil industry.

Under present conditions this stock appears to be selling ridiculously low and should make an excellent investment around prevailing prices.

STOCK MARKET OUTLOOK

(By W. L. Lyons, Jr.)

Sentiment which has gradually been on the increasing scale toward greater optimism, was reflected more strongly this week than ever by the big bull movement, which inserted itself and the stock market merely bubbled over with enthusiasm, showing further gains from five to twenty dollars per share.

There still appears to be in progress considerable replacements of long lines liquidated last year and in addition there was much confident buying by many who had held off for quite a period in anticipation of some indication of a reasonable early termination of hostilities in Europe.

These influences are lending much encouragement to constructive efforts and consistent talk of this character has been looked upon more seriously in the past few sessions than for some time past and as long as talk of this kind persists, it is quite probable that public participation on the long side will maintain and probably be more convincing on any declines.

The immediate future seems to hold in store something very interesting in the way of new proposals from the Central Powers which will be put forth within the next ten days or two weeks and in as much as London and Paris now seem to be in somewhat of a receptive mood, it is not at all unlikely that greater strides toward a settlement of international difficulties will be recorded than in the past three years.

Intimations, also from Petrograd, that the contending party in Russia and the Teutonic Powers were unable to agree on a separate peace proposition of course helped to promote further bullish activities.

Trading in the rail department has not been of much importance and these stocks, after their healthy advance last Monday, were somewhat backward and met with profit taking on the bulges. There was no special reason for this except anticipation that discussion in Congress would be rather free and perhaps temporarily unsettling but the more bullish inclined were willing to accept these issues on the belief that the President's plan would pass without difficulty.

Then on Friday the President made his address to Congress in which he recommends that the average net railroad operations' income of three years ending June 30th, 1917, be guaranteed as income. There was nothing bearish in the Chief Executive's message and from all probability any declines in the stock market should be met with larger outside buying orders.

It is also wise to bear in mind that the market has experienced a most rapid advance Prices, however, even despite the advances, do not seem as yet to have fully measured values. It is the judgment of broad thinkers, however, to wait for the breaks and make purchases and use the good bulges to accept profits on. Prices should in time work higher but it must not be forgotten that present levels have discounted the greater part of the bullish activities.

TICKER NEWS

(By W. L. Lyons, Jr.)

Metal equipments and motors are in favor at present, and higher prices are being predicted.

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Twenty-one British ships were sunk by U-boats last week as compared with twelve the previous week.

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The Pennsylvania Railroad has cut 155 trains from their passenger schedule to relieve the terrible congested freight situation.

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A strong pool has been formed in Corn Products, common, and there is talk from good sources that this issue will sell over forty.

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Announcement of the new issue of stock by the American Telephone and Telegraph Company, Friday, is the cause of its recent weakness.

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Bert Castles, prominent trader on Wall Street, says expect good advance in stock market with much higher prices for steel.

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The B. & O. Railroad is going to place an embargo on all freight but coal, iron and oils on their lines and branches, beginning immediately.

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Secretary McAdoo has ordered locomotives to rush from the west and south to eastern centers to move freight.

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The Ordinance Department of the Army has been reorganized with Samuel McRoberts, former City National Bank Executive, in charge of orders and contracts.

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Strong banking interests advise the purchase on any soft spots of Marine preferred, Bethlehem Steel "B," Atlantic Gulf and West Indies, U. S. Steel and the Coppers.

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The Financial Bulletin says: "We think the policy likely to give the best results, will be to buy on recessions, rather than to climb after stocks when strong. The buying of Steel, Bal. Loco., Studebaker, American Smelters and Southern Pacific is considered of high grade.

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Director McAdoo and the Brotherhood chiefs have agreed on a wage board to have jurisdiction over the wages of railroad employees while under control of the Government and they will also adjust disputes that may arise. This committee will be appointed and begin work within the next thirty days.

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Chairman Simms has introduced a bill to carry out the President's recommendation and appropriation of $500,000,000 dollars to meet any deficit for the first year. Under the Simms bill, financing of the roads is guaranteed for a period of the war, and workingmen's compensation act is extended to the railroads.

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COTTON MARKET OUTLOOK.

The prime influence in this market has been the insistent peace talk and buying orders from the export houses which has made prices advance rapidly. Later on, the bulk of the demand seemed to eminate from domestic trade sources and brokers who usually act for Japanese interests.

Spot advices from the south were of a bullish tenor and the report in press dispatches, indicating a speeding up in ship building furthered the feeling that export facilities in the not distant future, will be expedited. The statistical position of this commodity, if anything is growing in strength and unless unforseen influences of an adverse nature are injected into the situation, it is quite probable that the price level may be further enhanced.

The south seems to be offering this commodity most sparingly and it is most interesting to see how prices enhance in value on such small buying orders. The southerners have never experienced more profitable times and financially are in a position to hold for better prices and unless offerings become more freer, higher prices will be witnessed.

KENTUCKY OIL RUNS

Operations in the Kentucky fields are practically at a standstill, due to the bad weather which has prevailed for the past month. Several of the large companies have procured what is considered some of the best looking leases in Kentucky fields and expect to get down to real business when the weather permits.

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At present there is quite a demand for leases in Lee County and in and around Torrent. It is expected that with the coming of the spring weather there will be more development carried on in the mountains of Eastern Kentucky than ever before.

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The prediction is that testing in wildcat territory will be much more numerous than in the past.

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In Parmleyville district, in Wayne County, E. G. Hoge reports his No. 6 at 5 barrels. In district No. 14 in Powell County, J. T. Hervey reports No. 12, Elijah Baker, at 50 barrels. In district No. 15, Powell Count,y the Ohio Oil Company report their No. 6, J. W. Rogers, at 5 barrels.

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The Old Dominion Oil Company, of Louisville, Ky., is negotiating for the purchase of the Furnace Oil Company, and it is said that the consideration is in the neighborhood of $300,000.00.

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The Furnace holdings consist of 80 acres with 21 wells, with a developed production of about 450 barrels on the Clayborn and Pleas Tipton leases.

The Furnace Oil Company was among the first to be launched as a stock company in Kentucky, and was organized by J. H. McChurkin, the well-known operator and organizer. The stock of the company is held largely by Lexington business men.

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The Old Dominion is headed by C. L. Balthis, President; H. J. Scheirick, Secretary and Manager; W. E. Massey, Vice President, and George Summers, Treasurer. It is a half-million dollar concern.

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Operators and field workers are returning to the fields slowly after the holidays, but a few days of good weather will bring them all back and many new prospectors.

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During he month of December 142 wells were completed in Kentucky, with an added production of 1,550 barrels. 45 dry holes were encountered. Powell County lead with 35 new producers, Estill came next with 28 and Lee is credited with 14, Allen 12, and in thirty other counties from one to four wells are reported for each. The summary shows a decrease over November which is attributed to the freezing weather the latter part of the month. A corresponding decrease in completions and production is noted throughout all the fields of the country.

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Runs for the week, as shown by the Cumberland Pipe Line Company's report, increased over the past week but were not large. District Number 13, of the Pilot district and Ravenna, 8, 8a and 8b, lead in number of runs. The runs and completions follow:

RUNS.

Dist.			Dist.		
1	Busseyville	213.01	10	Wagersville	1,172.57
1a	Fallsburg	861.20	11	Beaver Creek	114.11
2	Cooper	1,011.51	12	Ragland	462.01
3	Denney	648.22	13	Parmleyville	373.12
5	Steubenville	921.88	14	Pilot	14,781.75
6	Cannel City	101.88	16	Zachariah	734.06
7	Fitchburg	22,101.49	9	Stillwater	100.23
8	Ravenna	5,667.48		Cat—Williamsburg	
8a	Ravenna	6,090.14			
8b	Ravenna	9,501.36		Total	70,785.51
9	Campton	806.68			

COMPLETIONS.

(Est. Prod.)

District 5, Steubenville, Wayne County, Ky.—
- Wood Oil Co., No. 5, W. C. Lair 5

District 10, Wagersville, Estill County, Ky.—
- F. H. Yates, No. 8, Charles Rice .... Dry

District 14, Pilot, Powell Co., Ky.—
- Henry Clay Oil Co., No. 5, Ludisa Sparks 75
- Caddy Oil Co., No. 6, J. J. Wells 25
- D. N. Baker, et al., No. 3, Jacob Townsend 50
- Petroleum Exploration Co., No. 13, Prewitt, Miller & Goff .... Dry
- Petroleum Exploration Co., No. 14, Prewitt, Miller & Goff 75
- Petroleum Exploration Co., No. 15, Prewitt, Miller & Goff 75
- Petroleum Exploration Co., No. 16, Prewitt, Miller & Goff 25

District 15, Pilot, Powell County, Ky.—
- Wood Oil Co., No. 5, Abbey McCoy 15
- Wood Oil Co., No. 6, Abbey McCoy 15
- Ohio Oil Co., No. 1, Cain Herd .... Dry
- Ohio Oil Co., No. 9, Geo. H. Reed, Sr. 5
- Kentucky Petroleum Producing Co., No. 5, Elias Bishop 20
- Federal Oil Co., No. 13, Wm. Adams 20

District 16, Zachariah, Powell County.—
- Beckett-Day-Iseman Oil & Gas Co., No. 3, A. J. Adams heirs 60

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and Ohio are the names of men who have heretofore carried on development in the Mid-Continent field. Only in the last few years have newer men, firms and corporations become prominent. The result is that the business itself is an unknown quantity to the average lawmaker, both of the State and Nation. The oil men, by reaeson of their individuality, have never had an organization which could present their views to a legislative body. The power of the Standard Oil Company was for years so great in manipulating minor legislative enactments for their own benefit that the greater questions could not be considered by the legislators, without the breath of suspicion upon the motives involved. Although this power of the Standard passed (and it has to a great extent passed), the operators still fear its influence and have never been able to combine in a manner which would permit a proper presentation of their industry, their rights and needs. So, when Congress met in April, 1917, there was no one present before that body to secure for the oil industry legislative provisions which were necessary, in view of the nature of the business, its hazards, its enormous returns and its great proportion of failures and losses.

The organization of stock-selling companies in the last few years, and the enormous fortunes made in the Cushing field and in other fields, have given the impression that the business is a gambling venture and profitable beyond that of legitimate enterprises. There is, of course, an element of truth underlying this erroneous impression. Returns from a small initial investment are often almost beyond belief. In our own experience, we know of a business capitalized at $35,000 which has earned over a million dollars last year. Many men have invested less than $50,000 and made a profit of three times the amount of their original investment. It is evident that it is difficult to convince the ordinary legislator that a hardship is worked on an individual who, after paying the tax, is left with a net profit of 100 per cent. or more on his investment.

(To be Continued Next Week.)

WYOMING FIELD

CASPER, Wyo.—That Wyoming is one of the few States where the production of oil is ever on the increase is shown by the action of the Midwest Refining Company, which is rapidly completing another unit of six stills, which will increase its refining output to about twice the present capacity. The company at present handles 20,000 barrels and early in January the refinery will be in a position to take care of 40,000 barrels.

At the present time the plant of the Midwest is the third largest producer of gasoline in the United States and with its additional capacity will run close to the leading plants of the country. There are many old fields in America where the output in volume is immensely greater than the Wyoming fields, but this is overcome to a great extent by the high gasoline content in the oil here.

The Lander, Thermopolis and Riverton fields are growing in interest daily. These fields are known as shallow sands and the cost of drilling is insignificant compared with the Big Muddy, Salt Creek and adjacent territory. A well in the latter places will cost anywhere from $35,000 to $70,000. It requires large capital to drill to depths of 3,000 feet and deeper, whereas in the former fields a well costs from $1,200 to $1,500. The production in the shallow fields runs from 15 to 60 barrels per well and in some instances wells of 200 and 300 barrels have been obtained at a depth of from 200 to 450 feet.

Many companies, realizing the importance of getting some production for their stockholders, have taken to the shallow fields in order to create some value to their stock. For this reason much activity is apparent in these sections. In the Lander field fully 100 rigs are under construction or will be built the coming winter and spring. Management of these companies realize that a 20-barrel well at a cost of $1,000 is better than a dry hole at $35,000. In most instances a dry hole in the deeper fields bankrupts the treasury and leaves the stockholders holding the sack.

Most of the promoters of oil companies in these sections are sophisticated individuals who know they must put some money into the ground in order to avoid contact with inquisitive members of Uncle Sam's Government and in order to save themselves, drill in shallow ground, piling up costs as rapidly as the traffic will bear.

The country is being flooded with fake promotions, many failing to even register their incorporations in this State. The Secretary of State, however, has issued an order that all companies doing business in the State of Wyoming must register in Cheyenne or suffer a considerable penalty. The State is also preparing a list of all companies doing business within its borders. The report will cover producing as well as non-producing companies.

The only well of importance brought in the past week was that of the Wyo-Kans syndicate at Salt Creek, which struck a 400-barrel producer at a depth of 2,000 feet. The well is located on the Monarch lease in Section 28. Gas and oil shot over the derrick when the drill pierced the sand. Fire immediately followed and burned the rig to the ground. Fortunately, however, the hole was saved. Drillers estimate the well is double the capacity of No. 2, drilled by the Wyo-Kans in the same section. The rig was fully covered by insurance.

Wednesday last the New York Oil Company, drilling jointly with the Curtis Petroleum Company on their holdings at Iron Creek, 10 miles southwest of Casper, at a depth of 735 feet, pierced the Dakota sand a distance of nine feet and encountered a terrific flow of hydrocarbon gas, which Dr. J. H. Miller, geologist, estimates at from 8,000.000 to 10,000,000 feet. Frank G. Curtis, general manager of the company, says that there is a possibility that the product will be brought to Casper, where it will find a ready market. The gasoline will be extracted at the casinghead and the dry product can be piped into this city for heat and power purposes.

That the Bessemer may yet become a small producer, perhaps of 30 barrels, is the opinion of the management, who say they will use perforated casing and thus stimulate production through seepage of the sands that contained oil showings when the hole was drilled through the third sand without obtaining as much oil as was expected. The well, which is situated in the west Salt Creek field, was a great disappointment to many in that section. The Bessemer well recently spudded in in the same section will be continued next week, after a slight interruption caused by cold weather.

Much hope was pinned on the well of Kansas City interests drilling on the Tisdale Dome. From late reports, however, there seems little possibility of it being more than a water hole.

Riverton men have formed a new corporation, called the Riverton Royalty Company, with a capital of $100,000. The company has holdings in the Big Sand Draw, which it has leased to the Allies Oil Company.

The Burlington and Northwestern railroads, running through Casper, have announced they will use coal on some of their engines in order to assist in fuel conservation. This will, to a certain extent, affect the Colorado & Southern.

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its oils, commonly supposed to be only fit for fuel, will porduce gasoline, kerosene, lubrics, fuel oils and asphalt by new processes of cracking that have been discovered and worked during the past year. Our imports in 1917, with the limited number of tankers available, will be 8,000,000 to 10,000,000 barrels more than during 1916, and the largest interests in the oil industry in this country have increased their investment in Mexico during the year. With single wells in Mexico that have produced an average of 7,000,000 to 10,000,000 barrels per year and maintaining their production, it makes our fields look like a new three-cent stamp.

Increased Refining Capacity.

The refining capacity of the country has increased more rapidly than in any previous year, especially the independent interests. There has been an improvement in the extraction of gasoline by means of different processes and by blending, and it has been noticeable that the gravity is still getting on a lower plane, but so far there has been little or no complaint by users. The coming year will doubtless see a largely increased consumption and a still lower grade, with the further development and use of the kerosene carburetor as a motive power on the heavy and slow-moving machines. This will be of benefit to the refiner, in assisting to consume a product that until this fall largely caused a loss in manufacturing. The refining capacity now largely exceeds the production, and the last half of the year has not been as profitable to refiners as the first half, owing to the advance in crude prices, and in many cases the additional premuims range from 10 cents to 20 cents in the East and from 10 cents to as high as 50 cents per barrel in the West. Those refiners owning sufficient cars to care for their business were able to make good profits on the same owing to their scarcity.

The year closes with oil securities at their lowest point, although many of the seasoned companies have paid the largest dividends in years. At present prices the securities of many companies offer large returns on the investment, and those having good management and properties, we believe, offer excellent investment opportunities, especially those having producing properties. The past year also witnessed the formation of a large number of new companies in the oil industry, with capitalization running into the millions. Some have merit and will survive and have a future, but many will disappear as their predecessors have done before them. We cannot impress too strongly on would-be investors in oil securities that the production, wells and properties owned by other companies do not pay dividends for the one you may have bought, and that not only the property but the management of any company should be closely scrutinized. Sometimes a property proves good enough to stand inexperience and poor management, but they are the exception.